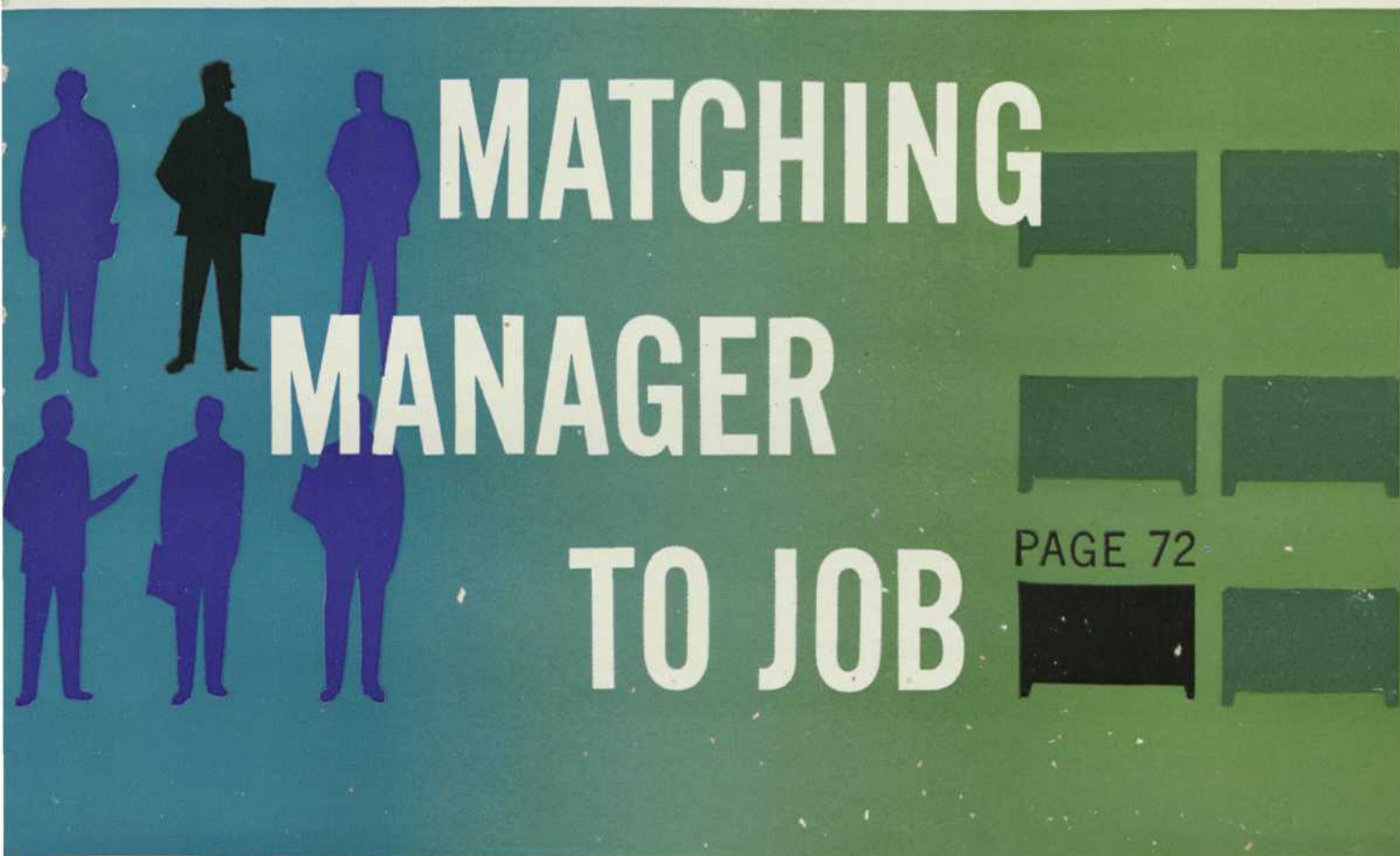


Nation's Business

A USEFUL LOOK AHEAD

JULY 1958



MATCHING MANAGER TO JOB

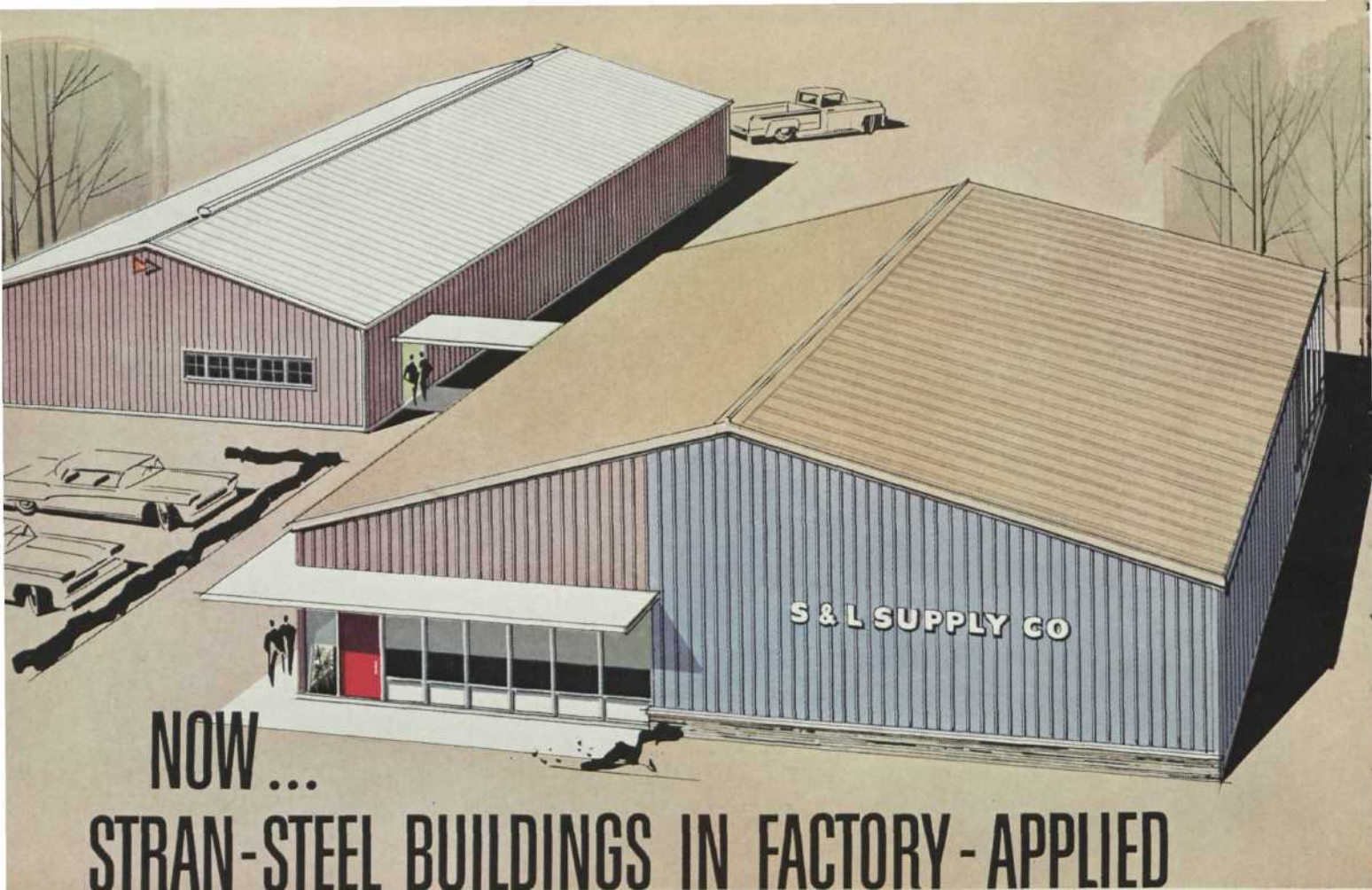
PAGE 72

Business leaders view year ahead PAGE 34

Where prices go from here PAGE 29

Practical side of business in politics PAGE 38

Expanding markets: biggest spenders PAGE 50



COLOR!

There's a new, *new* luxury-look to steel buildings! Stran-Steel buildings with factory-applied Stran-Satin Color come direct from the plant in six gleaming colors—blue, green, bronze, rose, gray and white—to give a new dimension to steel building design. Mix colors for unusual two-tone effects. Or combine them with collateral materials—brick, wood, stone, or glass.

Added Protection . . . with Remarkable Economy

Stran-Satin Color is a double layer of baked-on vinyl aluminum. This new exclusive coating provides an attractive, durable color-fast finish which will protect your buildings many, many years longer than paint. Stran-Steel buildings in color mean maintenance savings, too, for Stran-Satin Color will not blister, peel or sun fade.

For only a few dollars more per building, you can build with gleaming colors. Now your Stran-Steel building has the safety of steel, the economy of mass-production *plus* the distinctiveness of Stran-Satin Color—the look of luxury.

Tomorrow's Buildings Today!

Stran-Steel Rigid Frame buildings give you built-in quality for years of service. Their clear-span interiors provide 100% usable space. They are flexible to suit any design. All-steel construction makes them fire-safe, durable and easy to insulate. Available in widths from 32 to 80 feet and any length, as a single building or in multiples. Ideal for retail operations, manufacturing and wholesale.

Stran-Steel Purchase Plan requires only 25% initial investment with up to five years to pay the balance. Your Stran-Steel dealer can give you complete details. Look for him in the Yellow Pages under *Steel Buildings* or *Buildings—Steel*.

NEW STRAN-MASTER IN STRAN-SATIN COLOR COSTS 30 TO 50% LESS

New Stran-Master, lowest priced steel building, is also available in Stran-Satin Color. For less than rental costs, you can have an attractive, quality, all-steel, all-purpose Stran-Master—economy model of the Stran-Steel line.

Dept. 20-60

STRAN-STEEL CORPORATION

Detroit 29, Michigan • Division of

NATIONAL STEEL CORPORATION



Stran-Steel Corporation, Dept. 20-60
Detroit 29, Michigan

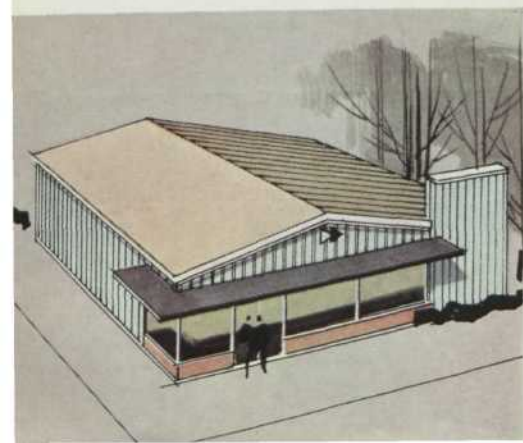
- ☐ Please send me more information on Stran-Satin Color.
- ☐ Please send me information on the new Stran-Master commercial buildings.

NAME _____

COMPANY _____

ADDRESS _____

CITY _____ ZONE _____ STATE _____





James F. Estep, treasurer, Ebensburg Lumber Company, Ebensburg, Pa.

"We can handle any order with an out-of-town telephone call"

"A man told us recently he had been trying for six weeks to get a special picture window," says Mr. Estep. "We telephoned an out-of-state distributor and had the window for him in six days.

"A 70¢ telephone call earned us a \$32 profit—and a satisfied new customer.

"We don't carry a big inven-

tory, but we can get anything we need quickly—even a special order—by an out-of-town telephone call. That's the kind of service that builds business."

* * *

The telephone is the best way to purchase from out-of-town sources. It's low in cost. And it gets results. Start telephoning your out-of-town orders today.

YOU SAVE MONEY WHEN YOU CALL STATION-TO-STATION Instead of Person-to-Person

For example:	Day Rates (first 3 minutes) Person-to-Person	Station-to-Station	Each Added Minute (applies to all calls)
Charleston, W. Va., to Pittsburgh	\$1.00	70¢	20¢
Milwaukee to Minneapolis	\$1.40	\$1.00	25¢
Newark, N.J., to Cleveland	\$1.55	\$1.10	30¢
Boston to Chicago	\$2.25	\$1.60	45¢
Seattle to Washington, D.C.	\$3.50	\$2.50	65¢

Add 10% Federal Excise Tax

BELL TELEPHONE SYSTEM

Call by Number. It's Twice as Fast.



Nation's Business

July 1958 Vol. 46 No. 7

Published by the Chamber of Commerce of the United States
Washington, D.C.

7 Management's Washington letter

Outlook for profits, taxes, and government spending; what to expect from Congress during rest of current session

10 Letters from businessmen

Washington reader looks at U. S. budget method analysis, tells why government, industry environments won't match

16 WATCH THIS ISSUE: Curb on management

Union demands, restrictive laws invade business responsibilities as changing technology, markets require flexibility

21 TRENDS: The state of the nation

The problems of the French government emphasize the fundamental issues that arise in making democracy work

25 TRENDS: Washington mood

Rare political situation brewing as Vice President Nixon gains in race for the Republican presidential nomination

29 Where prices go from here

Analyst looks at key factors that will influence trends, compares current situations with other business adjustments

32 How to improve executive training

Authority on management warns against creating bureaucrats, misusing specialists, relying on social scientists

34 Business leaders view year ahead

Nation's Business survey of top executives shows confidence is coming back. Sales, spending, other plans are disclosed

36 Four clues to company success

Study analyzes impact of management in avoiding company failures and outlines other factors that influence business

38 Business in politics: the practical side

Some companies are using these methods to improve business climate; other companies can adopt similar means

40 HOW'S BUSINESS? Today's outlook

Why distribution trades look with confidence to the rest of the year; prospects for general tax revision flickering out

50 Expanding market: The biggest spenders

Americans 25 to 64 are 47 per cent of population, pay out 85 per cent of money. Here's what to expect in the future

54 What upturn signals say now

National Bureau of Economic Research specialist tells what to look for, how to read and evaluate business indicators

60 Tax reform would promote growth

Our chief goal of expanding the economy without provoking boom or bust cycles calls for three long-range incentives

64 Get action from your decisions

These steps will help you avoid expensive delays and will insure that company plans will be carried out effectively

70 Why people act that way

Your job can be easier and your work more effective with awareness of some of the facts about human behavior

72 Matching manager to job

New research suggests 10 dimensions for executive's job, measures responsibility, performance, compensation basis

76 EXECUTIVE TRENDS: Zeroing in on deadwood

The cost-cutting campaign has a new target: the man who is drawing executive pay for performing some trivial service

80 Here's key to profit planning

This formula can help you tool up to meet rising costs and mounting competition in the critical business period ahead

88 Let's end slave labor

Congress can enact five simple restraints that would blunt union bosses' power, make them leaders instead of masters

Nation's Business is published monthly at 1615 H St. N.W., Washington 6, D.C. Subscription price \$18 for three years. Printed in U.S.A. Entered as second-class matter March 20, 1920, at the post office at Washington, D. C. Copyright, 1958, by Nation's Business—the Chamber of Commerce of the United States. Nation's Business is available by subscription only.



Editor
Alden H. Sypher

Adm. Assistant
Ruth D. Howard

Executive Editor
Paul McCrea
Associate Editors
George Haddock
Kenneth W. Medley
Paul Hencke
Joseph M. Gambatese
Tait Trussell
Joseph L. S. Terrell

Art Director
Ralph Patterson
Adm. Assistant
Mary W. Davis
Associates
Asdur Takakjian
Charles Dunn
Thomas S. Huestis

Production Manager
W. Lee Hammer
Business Manager
William W. Owens
Advertising Director
Herman C. Sturm
Circulation Manager
John C. Loest

BETTER AIR CONDITIONING FOR EVERYBODY



EVERYWHERE

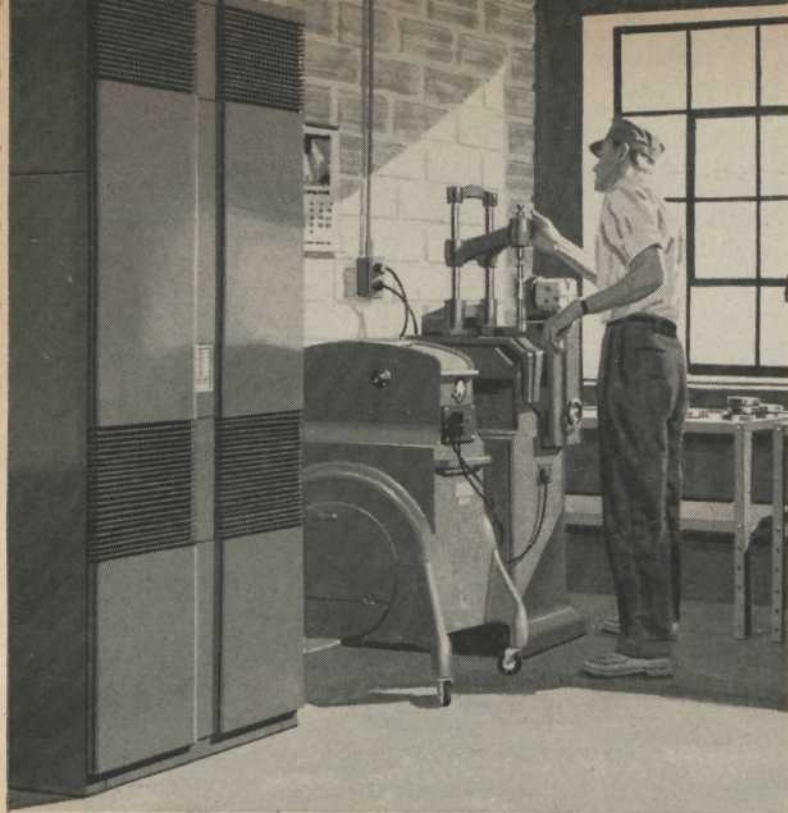
Which is the best way to air condition a factory?

That depends on the factory. How big it is, what you manufacture and the number of employees you have can make a big difference.

To make sure of the best way to air condition your factory, talk with the Carrier representative in your community. He handles every type of air conditioning. (Four of the many are described at the right.) So his only interest is to recommend the type that serves you best.

Throughout the world, in thousands of dependable installations, Carrier air conditioning serves more people and more purposes than any other make. Good reason to call the Carrier dealer or office listed in your Classified Telephone Directory. Carrier Corporation, Syracuse, New York.

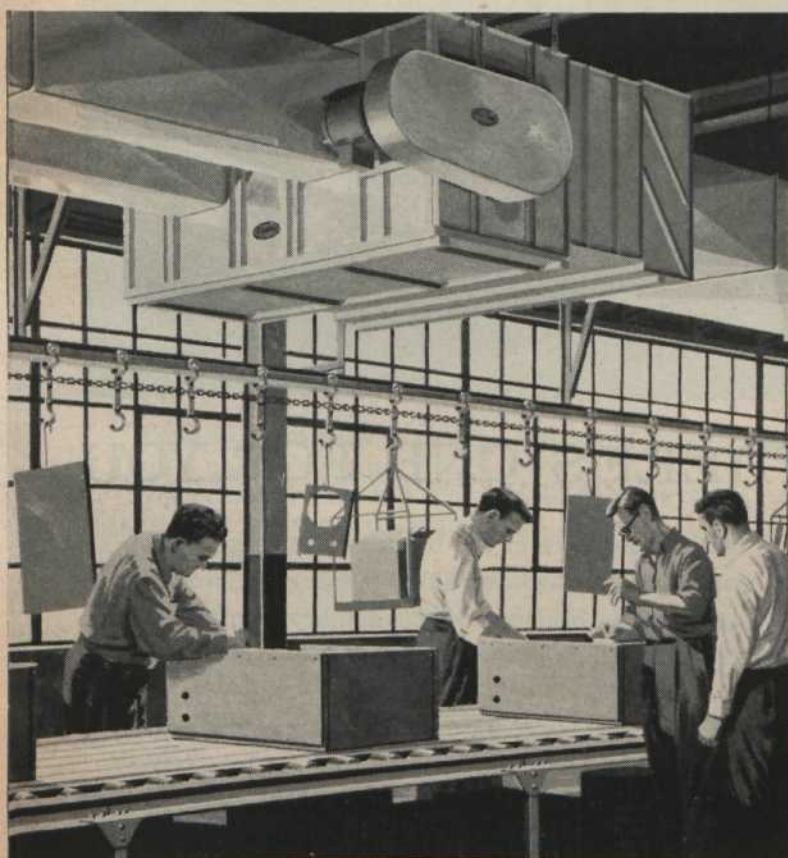
Ask your Carrier representative for copies of the free booklets, "Which Is the Best Way to Air Condition Your Plant?" and "Which Is the Best Way to Air Condition Your Business?" Or write to Carrier Corporation.



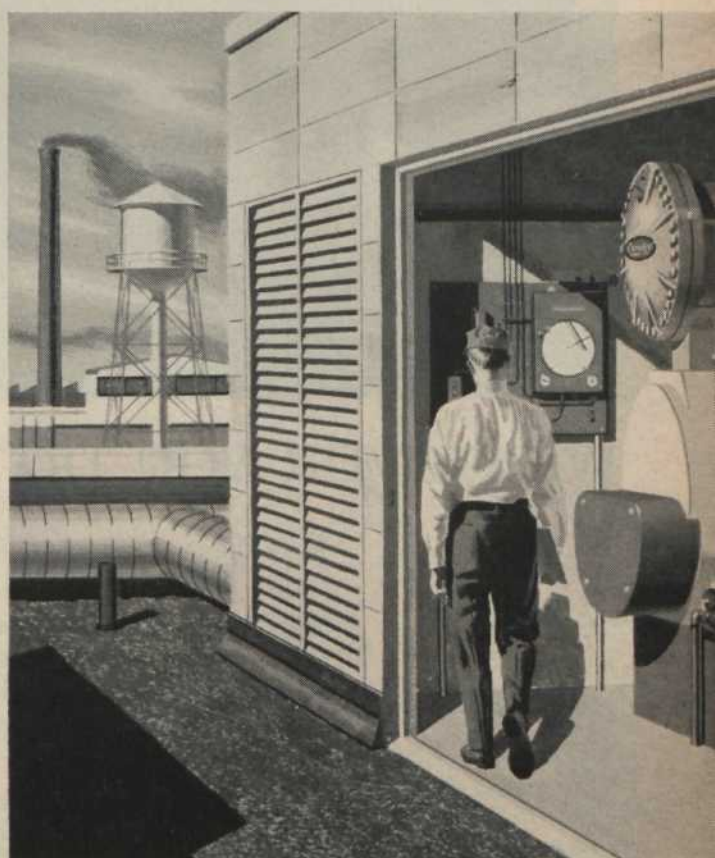
Do you have a small shop? Choose Carrier Weathermakers*. They are self-contained air conditioners which may be used with or without ducts. Quick and easy installation won't interrupt work.



Do you have a production line? Install a Carrier Commercial Weathermaker and run a duct from it along the full length of the line. You'll get cooling only where you need it, right where the work is done.



Do you have large open areas? Suspend Carrier System Weathermakers over each area and supply them with chilled water from a central source. You cool separated areas with no ductwork in between.



Do you have a large plant? A Carrier Spray-Coil Air Conditioner and matching Refrigerating Machine out of the way on the roof will deliver perfectly conditioned air to all parts of the factory below.

*Reg. U.S. Pat. Off.



WHATEVER YOU DO THERE'S ONE FOR YOU

Meet the most complete line of adding machines in the business! Burroughs thrifty hand-operated, full keyboard, and compact ten key models.

Smartly styled, quiet operation. And as to accuracy and dependability—both, of course, are built-in Burroughs trademarks. Appealing choice of colors. And shadow-touch key depression. Plus, of course, multiplication key and—in the electric models—instant credit balances. All models available in a wide range of capacities.

You'll find a demonstration of any or all decidedly worth your while. Just call our nearest branch or dealer. Burroughs Corporation, Burroughs Division, Detroit 32, Michigan.

Burroughs—TM



Burroughs Corporation

management's WASHINGTON LETTER

► HERE'S A PREVIEW:

You can expect hottest Senate races to occur in about 10 states.

Heaviest House campaigns will be run in about 95 congressional districts.

Republican candidates will talk about peace under President Eisenhower--which they consider their best point.

They'll also talk about defense reorganization, point to progress in missile, rocket know-how, highways, housing.

Democrats will blame Republicans for recession, unemployment, need for defense changes, favoritism to business.

Also they'll make big play over U. S. loss of international prestige.

These are the issues campaign planners are figuring on--gathering data, writing pamphlets, brochures, posters, getting ready for the fall scramble for votes.

► ACTION IS COMING on key issues as Congress opens its stretch drive this month.

Lawmakers face elections, are looking for ways to make political hay, take back strong records to home states.

Adjournment target date is mid-August.

Here's issue-by-issue look ahead:

Antitrust--watch for late-in-session push for approval of 60 or 90 day premerger notification requirement.

This means business would have to notify government before merger could be undertaken.

Defense reorganization--when verbal volleys subside, you'll find President will have won most of what he asked.

Federal scholarships--advocates will fight hard for approval.

Tax reduction and reform--this will be subject to much discussion, but action postponed.

Federal spending--total outlays will continue to climb, widening deficit gap.

► BROADER SOCIAL SECURITY benefits may get snarled in closing rush.

That's despite election year tradition.

Some congressmen feel they need political advantage of boosting benefits, others worry about having to raise taxes to pay for new benefits.

► HERE IS WHY some congressmen want to increase Social Security.

They see political appeal in growing number of old people.

Newest Census Bureau estimate of population by age group shows almost 15 million Americans age 65 and older.

That's 21 per cent higher than 1950.

There are 35 million other Americans between age 45 and 64--increase of 12.8 per cent since 1950.

Some lawmakers will count on appeal of higher benefits outweighing higher social security taxes which would be needed in years ahead to finance bigger benefits.

► NOT ALL CONGRESSMEN want to increase benefits.

Their view's based on these facts:

Persons drawing benefits now number more than 11 million, an increase from 9.3 million last year.

Cost will reach \$8.7 billion in year ahead--up from \$6.7 billion total year ago.

Income will fall short of outgo.

Result:

Trust fund will decline in years to come--even without new benefits, even with tax increases now in the law.

Fund total was \$23 billion last year.

Six months ago it was expected to fall to \$22.5 billion this year, slide off another \$1 billion next year.

Now the outlook's being revised again--downward, to \$19 or \$20 billion by '62. Actuarially it's regarded as underfinanced for the long run--although tax rises are already scheduled.

Rates will go up next on Jan. 1, 1960, again in 1965, 1970, and 1975.

Some congressmen are beginning to worry about mounting cost, diminishing trust fund--in face of fact that by 1975 one American in 10 will be 65 years or older.

Even with no increase in benefits, tax rates will nearly double by '75.

Example:

Person with annual pay of \$4,200 now pays \$94.50 tax.

In 1975 he'll pay \$178.50.

Employer will have to match this.

► SENATE RACKETS COMMITTEE is expected to spend its millionth dollar by year's end.

Since union racketeering inquiry began last year, committee has provided

employment for more than 40 attorneys, investigators, clerks, others.

So far committee has:

Heard more than 700 witnesses.

Taken more than 27,000 pages of testimony, filling 30 printed volumes.

Heard witnesses use Fifth Amendment thousands of times to avoid testimony.

Made news headlines from coast to coast with lurid tales of violence, wrongdoing, union dues misused.

Received more than 100,000 letters from Americans--many from union members--applauding committee's work.

Will all this produce any new laws?

May not.

Why not?

Politics--mostly.

Some congressmen feel need for curbing unions' economic power, need for protecting union members' rights.

Others--despite evidence of wrongdoing, abuses of power--feel political need for coddling organized labor leaders.

Look for issue to lose momentum in House, which is not inclined to act.

►PROFIT DROUGHT AHEAD.

That's economic dark spot on horizon.

Here's informed outlook:

Corporate profits before taxes may plunge to \$33 billion this year.

Total last year was \$41.2 billion, \$43 billion year before.

That would mean both taxes, dividends would be lower--could leave only about \$5 billion retained earnings.

If so, it'd be lowest since 1945.

Last year's figure was \$8.1 billion, compared to \$9.2 billion year before.

But remember: This is an estimate.

Economists agree profits will fall more before they pick up.

Question's how much.

►BIGGEST IMPACT of business downturn will come in finances for year ahead.

Treasury already has begun to feel downturn to some degree but looks for bigger declines ahead.

Here's background--with forecast:

Treasury personal income tax estimate was based on \$352 billion personal income for 1958.

Chances are income will be closer to \$342 billion.

Corporate tax estimate was on expected \$42 billion income.

That could prove to be \$10 billion too high.

Excise taxes were expected to bring in \$9.3 billion in year ahead, miscellaneous sources \$6.2 billion.

Outlook now's for \$500 million less in each category.

Total revenue previously expected by government: \$74.4 billion.

But informed guess is it won't exceed \$68 billion.

Spending may reach \$80 billion.

Result: \$12 billion deficit in year that begins this month.

►YOU'LL KNOW BY MIDMONTH how much red ink government is using this year.

That's when new data will be available for public.

Here's what to expect:

Deficit will be about \$3.5 billion.

►DOES EMPLOYMENT PICKUP signal recovery?

Economists, government statisticians, others are weighing this possibility.

Latest government figures show improvement in job situation.

Total employment gained 1.2 million in 30 days--to 64.1 million.

Compares with 65.2 million last year.

Unemployment, too, is trending down.

Seasonally adjusted rate of unemployment is 7.2 per cent, down from high of 7.5 per cent in April.

That was first reduction since rate began mounting last summer.

Despite pickup, experts are cautious.

They don't predict rapid spurt in employment this year.

Here's clue to their attitude:

July, August--traditionally--are months when employment peaks for year.

Year ago this month, for example, nation set all-time employment high--67.2 million had jobs.

This year, employment peak is expected to be around 66 million.

►CLOSER LOOK at employment situation shows:

Durable goods industries are hit hardest by joblessness.

Farm employment has turned up briskly.

Job expansion continues, too, in serv-

management's WASHINGTON LETTER

ice industries, finance and in employment of state and local governments.

Construction--with better weather--is picking up in number of workers employed.

►FEELING IN WASHINGTON is that unemployment will not worsen.

Situation for some months will continue static, or may improve gradually.

Reports from 149 major labor market areas indicate mass layoffs are over, seasonal expansion under way.

New government report on area labor market trends will be out this month.

It will indicate what new trends to expect.

►WATCH TRENDS in spending for plant and equipment along with expenditures for research and development.

One's down, the other up.

Prospect's this:

For new plant and equipment, rate of spending is now down about 17 per cent from peak reached last fall.

Earlier expectation was that annual rate would slip back to \$28 billion by year's end.

New survey puts fourth quarter average at \$29 billion annual rate.

If plans turn out that way, this will keep year's total at about \$32 billion.

For research and development, total this year's expected to reach about \$8.3 billion.

That's about \$1 billion higher than business spent a year ago.

Note: Research money's going into product improvement--with eye to boosting sales by meeting consumer desires.

►GOVERNMENT AGENCIES ranging from TVA to Dep't of Health, Education, Welfare plan to spend nearly \$14 million on air fleet in year ahead.

Total fleet strength will reach 278 when 36 new craft are added.

Fleet includes small observation airplanes, large transports, helicopters--for civil functions only.

If you include Treasury and Defense budgets for civil flying, fleet will reach 410 aircraft, cost \$40 million.

Additional funds will be spent for rental of aircraft for civil functions.

Note: Total doesn't include more than 1,500 planes used by military-operated airline--which could cost an estimated \$1.5 billion next year.

►UNCLE SAM'S CIVIL AIR fleet will include these when new planes are added:

Atomic Energy Commission--5 craft--used for such things as transportation for AEC officials, air patrol of prohibited areas, explorations for raw materials.

Tennessee Valley Authority--8--for transmission line patrol, malaria control spraying, reconnaissance, air sampling in vicinity of TVA plants for air pollution, passenger service.

Agriculture Dep't--42 aircraft--used for experimentation, spraying, dusting, fertilizing, seeding, forest patrol.

Commerce Dep't--114 craft--used mostly by CAA, one for Weather Bureau.

Health, Education, Welfare Dep't--4 planes--for technical development such as devising spray equipment.

Interior Dep't--71--fire patrol, transmission line patrol, surveys, exploration, patrol to prevent poaching, illegal hunting, fishing.

Justice Dep't--27 aircraft--border patrol, pursuit of suspected violators, deportation of aliens.

Note: Government's air regulatory agency (CAB) has 1 plane which hasn't been used for couple of years.

Spokesman says Board would like to dispose of it, get a smaller, modern plane for official use.

But proposal's not official.

►NEW STUDY SHOWS ROLE of management in avoiding business failure.

Analyst tells:

Why 10 companies are successful, why 10 others aren't.

Findings reveal 4 points of especially marked contrast between groups.

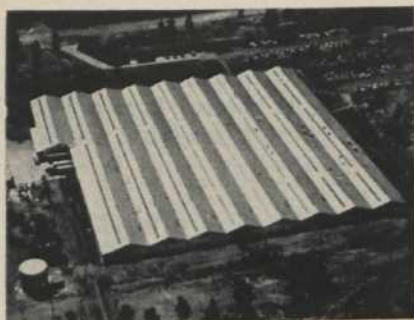
You'll find useful information on page 36.

►MACHINE TOOL COMPANY thinks its recession is ending.

Reason:

They're getting twice as many requests for price quotations as year ago, getting three times as many inquiries about new tools.

**It makes sense
to standardize
on buildings, too!**



Standardized Butler metal buildings are available from stock in sizes from a small pump house to structures of any desired width and length.

**if they are
pre-engineered
Butler
buildings**

Everyone knows that standardization brings down costs. But is it—at last—practical in construction too? Thousands of firms—large and small—have learned that it is extremely practical—with Butler pre-engineered metal buildings.

Pre-engineering and mass-fabrication save untold hours of engineer's and executive's time and cost, while assuring invariable high quality. Fast construction saves weeks to months of building time—you are in business sooner. Excellent light, ventilation and climate control are "built-in" features of Butler buildings. Clear spans up to 100 feet provide more efficient interiors. These buildings are good enough that they are used as factories, and retail stores, low enough in price for warehouses. Learn how you can standardize on good construction—and cut costs with Butler buildings—lowest cost way to build well. Phone your nearest Butler Builder for all the facts. He's listed in the Yellow Pages under "Buildings" or "Steel Buildings." Or write direct.



BUTLER MANUFACTURING COMPANY
7456 East 13th Street, Kansas City 26, Missouri

Manufacturers of Buildings • Oil Equipment
Farm Equipment • Dry Cleaners Equipment
Outdoor Advertising Equipment
Custom Fabrication

Sales offices in Los Angeles and Richmond, Calif.
Houston, Tex. • Birmingham, Ala. • Atlanta, Ga.
Minneapolis, Minn. • Chicago, Ill. • Detroit, Mich.
Cleveland, Ohio • New York City & Syracuse, N. Y.
Washington, D.C. • Burlington, Ontario, Canada

Letters from businessmen

Brainpower

Congratulations on a most interesting series of articles on thinking. With your permission we would like to reprint those listed below for inclusion with other training material in our supervisory and management training program.

"Your Meetings Can Get Results," "How to Simplify a Problem," "Listening is a Ten-Part Skill," "New Way to Use Facts," "You Can Get Your Ideas Across," "How to Develop Ideas," "You Can Ask Creative Questions."

CHARLES A. HANSON
Industrial Engineering Department
Deere and Company
Moline, Ill.

Good idea, but . . .

The article, "U. S. Budget Method Multiplies Costs," is on the whole very revealing, although certain statements may raise eyebrows in some government circles.

However, when the author recommends reform based on standard costs and relates this to private industry, he appears to have ignored the fact that the business environment is altogether different and much more complex than this viewpoint suggests.

For example . . . the profit motive is the major factor stimulating development and disciplining use of standard costs in private industry. His underlying argument appears to be that while there is no profit motive in government, it is possible to adopt the profit mechanism. If this is what the author has in mind, it must be pointed out that standard costs are related to and dependent on many other factors.

One is executive development and supervisory training programs—far advanced in private industry. In government, is it an exaggeration to say such programs either are lacking or are poorly defined and supported, and there is hostility to new ideas as the author recommends?

Job duties and measures of performance, which standard costs help determine, are clearly understood by the great majority of executives and supervisors in private industry. In government, these duties are likely to be buried under an avalanche of words; and measures of perform-

ance, where these exist, are hard to apply.

A functional budget based on standard costs might effect discipline within a program of function, but it will not force decision-making or fix total responsibility in the executive departments . . . unless it is tied in with executive and supervisory performance from top to bottom as in private industry.

If reform is to be made in the executive establishment (it) should be preceded by reforms in the Congress itself. Chief of these is the provisioning of meaningful and manageable information essential to the legislative process.

I have not exhausted all the factors which differentiate the business environment from government, but I think the above will make the point that the parallels need to be considerably qualified if understanding and progress are to be made in the direction of efficiency in government.

RICHARD I. KRODEL
Washington, D. C.

Higher Profits

We were much impressed with the quality of your article, "How to Sell for Higher Profits," appearing in your May issue. We would like to consider sending reprints of this article to a group of our sales employees . . .

W. H. YOUNGER
Eastern Sales Manager
Square D Company
Detroit, Mich.

We enjoyed reading your article, "How to Sell for Higher Profits," in the May issue. Please send us 100 reprints . . .

SIDNEY S. ROTHMAN
Assistant to Advertising Manager
West Chemical Products, Inc.
Long Island City, N. Y.

May we request 10 reprint copies of the article, "How to Sell for Higher Profits," appearing in the May issue of NATION'S BUSINESS? We would certainly appreciate this favor. The article is outstanding.

ROY BRAINARD
Sales Manager
Standard Furnace Supply Co., Ltd.
Omaha, Nebr.

We are enclosing check for 100 reprints of your article. This is one of the most timely and comprehen-



Come and get it...MONEY!

165 billion dollars—that's the staggering sum of all checks, yours included, cashed in the U.S. during one average month. And banks *advance* most of this money. Fact is, checks are only scraps of paper until delivered to the banks on which they are drawn, often hundreds of miles distant. Then the checks are paid or returned as unpaid. That's why banks, including Federal Reserve Banks, depend on the speed of Air Express to reduce collection time and help keep money working.

Air Express...symbolized by the big "X"...can multiply the speed of *your* deliveries, too, from bank notes to steel bolts. For Air Express gives you the *only complete* door-to-door air shipping service between thou-

sands of U. S. cities and towns. Plus 10,212 scheduled flights every day. Result? Air Express combines *extra* speed on land and in the air! Yet it often costs dollars less than any other complete air shipping method.

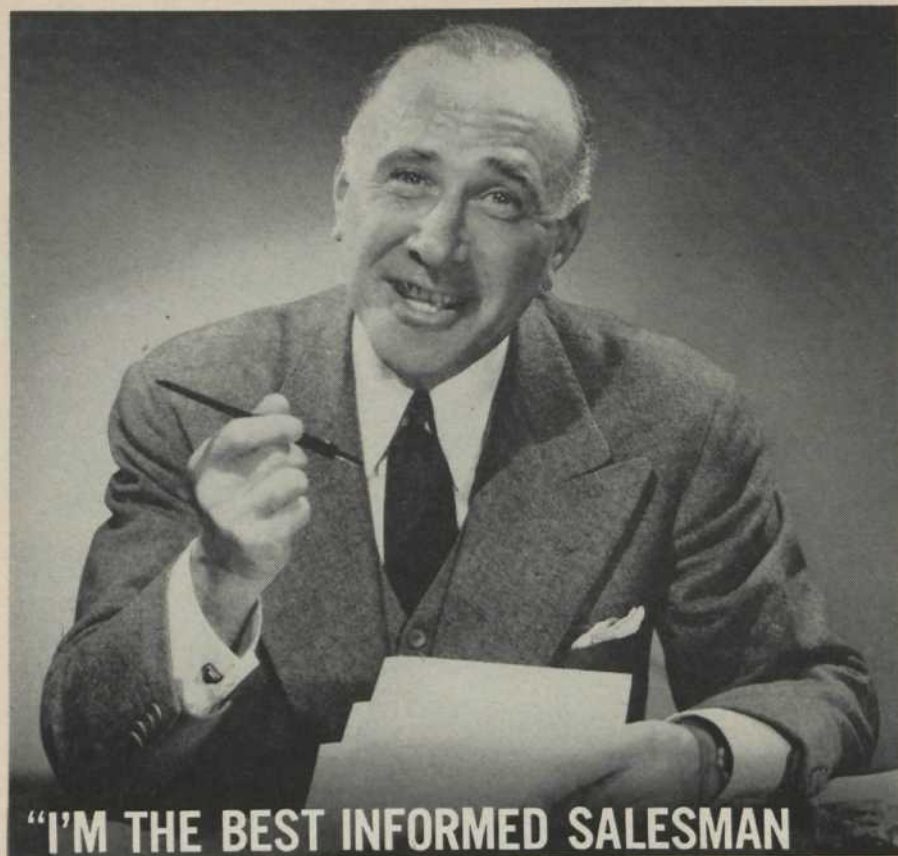

AIR EXPRESS

GETS THERE FIRST via U. S. SCHEDULED AIRLINES

CALL AIR EXPRESS



...division of RAILWAY EXPRESS AGENCY



"I'M THE BEST INFORMED SALESMAN

IN MY TERRITORY ... THANKS TO DODGE REPORTS"

"I've been selling this territory long enough to think I know everybody active in construction, but I've learned never to be surprised when Dodge Reports turn up good leads I didn't know about."

SALES MANAGERS—HOW ABOUT YOUR SALESMEN?

Even your star salesmen can't match Dodge Reports for knowledge of all the new construction that's going on in their territories. That's because no salesman can spend *all* his time looking for live leads. But Dodge Reporters do just that—it's their only job. And the leads they get are relayed daily to sales managers and their men, for any territory in the 37 Eastern States.

That's why more than 48,000 firms and salesmen use Dodge Reports to locate *live* sales opportunities, to find out what's going to be built, who's going to build it, when and where.

Dodge Reports are the kind of selling aid your men want and deserve. Let us show you how other successful sales managers keep good men productively employed on *live* sales opportunities through the use of Dodge Reports. Send the coupon now for your copy of "Dodge Reports—How to use them effectively", including the famous "Dodge Specification Form" that lets you select the kind, size and location of the jobs you want your men to go after.

F. W. Dodge Corporation, Construction News Division
Dept. X078, 119 West 40th Street, New York 18, N. Y.

Send me the book "Dodge Reports—How To Use Them Effectively" and let me see some typical Dodge Reports for my area. I am interested in the markets checked below.

- ☐ House Construction ☐ General Building
☐ Engineering Projects (Heavy Construction)

Area _____

Name _____

Company _____

City _____ Zone _____ State _____



Dodge Reports

For Timed Selling
to the Construction Industry

sive articles of this nature I have seen in some time. You are to be congratulated on the high caliber of this well written article.

FRANK RANDLE
Division Sales Manager
Armco Drainage & Metal Products, Inc.
Denver, Colo.

Kindly send to the attention of the writer 10 reprints of your excellent article, "How to Sell for Higher Profits."

RICHARD N. KAUFFMAN
Executive Vice President
H. S. Crocker Co., Inc.
San Francisco, Calif.

... We like this article and feel it has much excellent information regarding sales. We plan to issue these reprints to our sales force as well as certain key merchandise managers.

ROBERT D. ADAIR
President
The Jones, Witter and Company
Columbus, Ohio

... We would like very much to distribute this article to our company sales personnel and request your permission to reprint the article for this purpose.

R. B. PURDY
Lubricating Department
Socony Mobil Oil Company, Inc.
New York, N. Y.

Space can wait

I read "Help Your Brain Work for You" with much interest, and would like to pass it along and to study it more myself. I think we need to know more about ourselves before we explore more space.

J. M. PITZER
Occidental Life
Insurance Company of California
Kennewick, Wash.

"Seven sins" a must

"How to Avoid Managers' Seven Deadly Sins," published in the April issue of NATION'S BUSINESS, is definitely an article that should be put on the "must" list for every working person. I am positive that if this article were read by top executives of any concern, better employe relations, better business relations, and increase of profits for everyone would no doubt show an improvement.

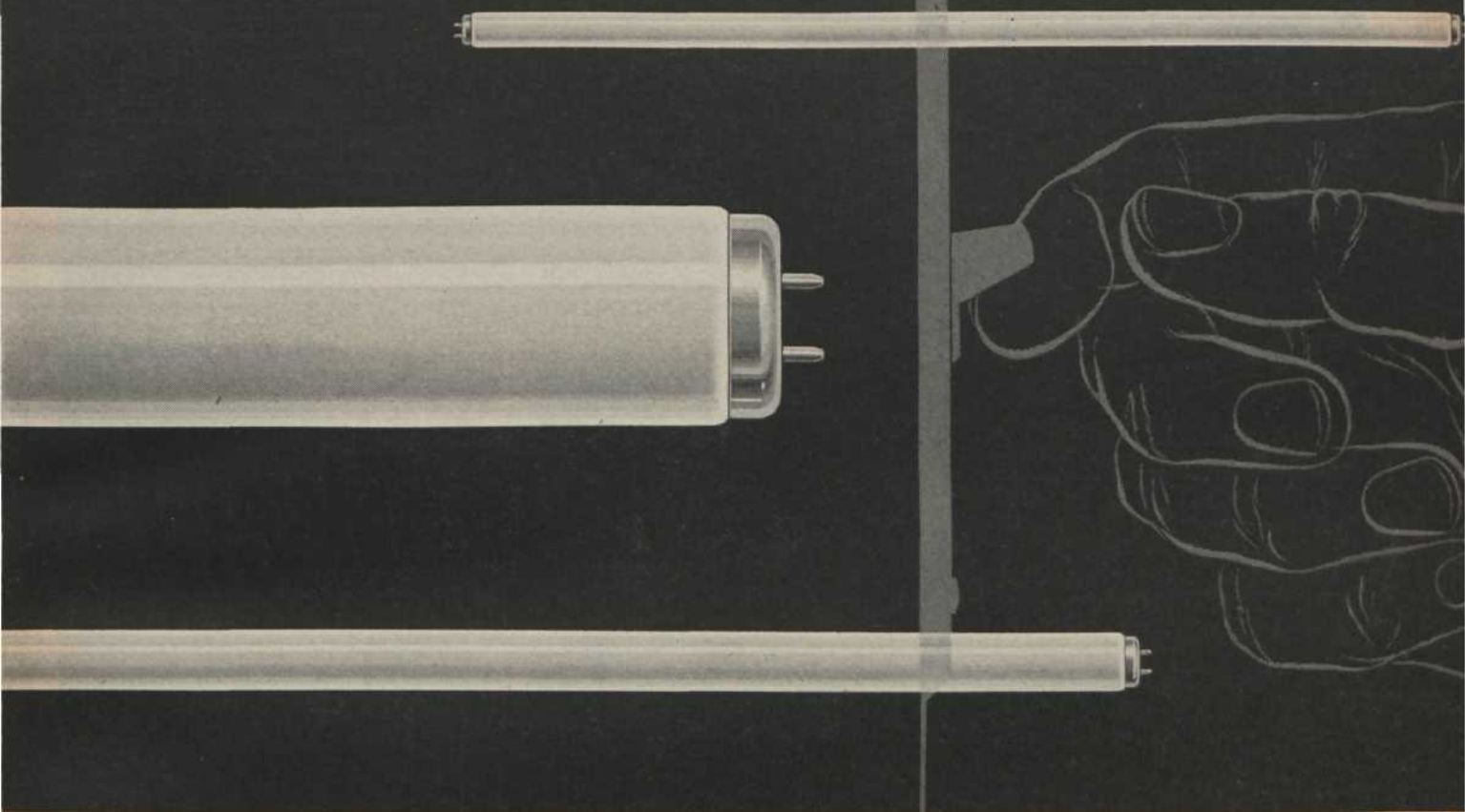
JOHN F. GLYNN
Buyers Terminal & Warehouse Co.
Cleveland, Ohio

... This is one of the most revealing discussions I have ever read on such an important subject.

FIELDER K. LUTES
Executive Vice President
Thearle Music Co.
San Diego, Calif.

We wish to commend very highly your splendid article entitled "How to Avoid Managers' 7 Deadly Sins." This is by far the finest article on this subject I have ever read. It would be a fine thing if some big

Sylvania fluorescent lamps
are as much as 14% brighter



Sylvania fluorescent lamps consistently perform above published ratings from the start...deliver more light than other brands.

Another reason why

Sylvania Fluorescents give you more light at lower cost than all other brands

Advanced engineering makes Sylvania fluorescent lamps superior in many ways—makes light a better tool of production to increase profits

Tests in the laboratory and in working installations show that Sylvania fluorescent lamps consistently deliver more light.

During the past two years, alone, a comparison of Sylvania fluorescent

lamp performance with the performance of other brands shows Sylvania lamps deliver as much as 14% more light.

This light output superiority means Sylvania gives you the maximum new-lamp performance you expect . . . gives you all the light you pay for . . . from the start.

Sylvania fluorescent lamps continue to give you this dividend of light throughout every burning hour . . . and deliver more light than other

brands throughout their useful life.

This is another example of how Sylvania builds extra value into fluorescent lamps to help cut your lighting and operating costs.

Let your local Sylvania Representative show you how Sylvania's superiority can save you time and money. Call him today, or write:

SYLVANIA LIGHTING PRODUCTS
Division of SYLVANIA ELECTRIC PRODUCTS INC.
60 Boston St., Dept. 8L-7807, Salem, Mass.
In Canada: Sylvania Electric (Canada), Ltd.
Shell Tower Building, Montreal

SYLVANIA Lighting Products

make light a better tool for profits

LIGHTING • TELEVISION • RADIO • ELECTRONICS • PHOTOGRAPHY • ATOMIC ENERGY • CHEMISTRY-METALLURGY



**Your customer
owns it
now**

When you ship, title passes, and your credit risk begins

At the time of shipping, you create an account receivable . . . and unless you have credit insurance . . . your insurance protection ceases. You lose control of the asset because title of the merchandise has passed. It is sound to insure your product while you own it . . . it is equally sound to insure it when your customer owns it . . . and owes *you* for it. Aggressive executives, through American Credit Insurance, continue protection of their working capital and profits invested in receivables. It is an important tool for constructive credit management. Our booklet on the many ways credit insurance contributes to financial security and sales progress should interest *you*. Write AMERICAN CREDIT INDEMNITY CO. of New York, Dept. 41, 300 St. Paul Place, Baltimore 2, Maryland.

*Protect your capital and profit
invested in accounts receivable
with* **American
Credit Insurance**

ANY ACCOUNT...NO MATTER HOW GOOD...IS BETTER WITH ACI

corporation or organization would publish this dissertation in booklet form and distribute it throughout the nation. It contains vital information.

NELSON M. SHIPP
Assistant Secretary
Georgia Department of Commerce
Atlanta, Ga.

... This excellent article has impressed me to the extent that I would like to relay its message on to our other department heads and executives. Would it be possible to obtain 12 reprints?

FRED T. SONNE
President
Chicago Aerial Industries, Inc.
Melrose Park, Ill.

This is to request permission to reprint in Spanish in our *Boletín de Gerencia Administrativa*, your article entitled "How to Avoid Managers' Seven Deadly Sins." The *Boletín* is a noncommercial, monthly publication of the Bureau of the Budget, Government of the Commonwealth of Puerto Rico, devoted to divulging materials on public administration. It is distributed free among persons interested in these matters, not only in Puerto Rico and in the United States, but also in South and Central America and Spain.

JORGE FELICES
Editor
Office of the Governor
Commonwealth of Puerto Rico

►1,223 businesses and individuals have asked for 21,052 reprints so far.

Ideas for all

We have read with great interest the article, "How to Develop Ideas," published in the January, 1958, issue of *NATION'S BUSINESS*. We would appreciate your permission for the federal government to reproduce this article for distribution to federal officials.

BERNARD ROSEN
Director
Federal Incentive Awards Program
United States Civil Service Commission
Washington, D. C.

We would like for our sales personnel to receive a copy of your excellent report entitled, "How to Develop Ideas," and would therefore appreciate 121 reprints.

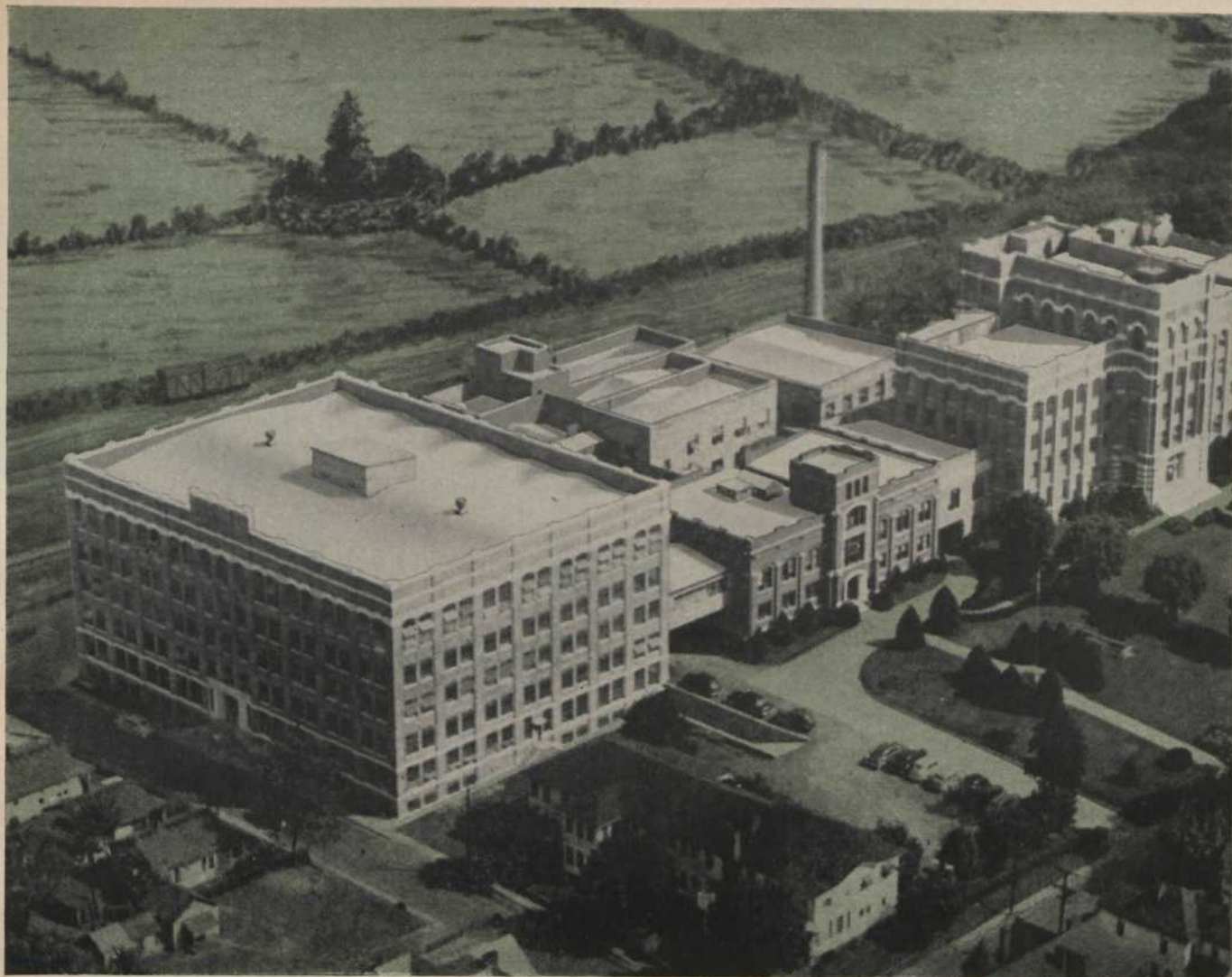
JOHN KREY STEPHENS
Vice President
Krey Packing Company
St. Louis, Mo.

Youthful benefit

As the business manager of one of the nation's top high school newspapers, I have used it (*NATION'S BUSINESS*) to great advantage. . . . Next year I expect to use it much more in my Problems of American Democracy course.

ROBERT BECKMAN
Bridgeport 6, Conn.

NATION'S BUSINESS • JULY 1958



These roofs, covering six acres of floor space, sparkle with an over-all coat of *Alum-I-Flex*, a quality aluminum roof coating made by **National Paint & Oil Co.**, Nashville, Tennessee.

Ask this quality pharmaceutical house about **ALUM-I-FLEX**

*They'll tell you Aluminum
Asphalt Roof Coating
protects, insulates, beautifies*

It's what you'd expect of a leading pharmaceutical company—even the plant roofs have a clean, well-kept look. For appearance and protection, the S. E. Massengill Company, Bristol, Tennessee, applied an over-all coat of National's *Alum-I-Flex*, made with ALCOA® Aluminum Pigment.

Mr. Frank W. DeFriece, president of S. E. Massengill Company, writes, "*Alum-I-Flex* has proved thoroughly satisfactory . . . it adheres closely to metal, protects from corrosion, furnishes an effective preservative . . . in addition, the reflective quality results in cooler top stories."

What's behind this performance?

Roof coatings like *Alum-I-Flex* are made with an asphalt base combined with asbestos fibers and brightly polished ALCOA Aluminum flakes. The aluminum flakes "leaf" to form a brilliant, metallic top surface—a reflective shield that lowers interior temperatures in hot weather as much as 15°.

One coat positively seals any surface—metal, brick, masonry, composition—with a moistureproof shield that won't sag or run in summer or crack in winter. Apply aluminum roof coatings with ordinary roofing brush or spray gun. They come ready-mixed, require no thinning or heating.

ALCOA does not make roof coatings, but we will be happy to refer you to reputable manufacturers who do. Send today for our free booklets, *Painting With Aluminum* and *Aluminum Asphalt Roof Coatings Make Time Stand Still*.

Still—plus information about new, colored aluminum coatings. Use the coupon.

Look for this label when you buy aluminum paint



"ALCOA THEATRE"
Exciting Adventure
Alternate Monday Evenings

Aluminum Company of America
1715-G Alcoa Building, Pittsburgh 19, Pa.
Please send your free booklets:
☐ Aluminum Asphalt Roof Coatings Make Time Stand Still ☐ Painting With Aluminum
I am interested in protecting

Name _____
Company _____
Address _____
City _____ Zone _____ State _____

Unions and laws put curb on management

Business struggles to keep the flexibility it needs

LOOKING AHEAD, one of the growing problems of management is the encroachment of outside influences on its main function—to manage a business enterprise to the best of its ability in the interest of the owners.

Management's flexibility and, therefore, its ability to perform both efficiently and effectively have been increasingly restricted through legislation and collective bargaining with unions.

How far the trend will go depends largely on two things. One is management's ability to resist further encroachment on its responsibilities through the terms of union contracts and their administration. The other is the progress of organized labor's spreading political activity and, in many places, influence.

The issue of management *vs.* labor control of business is being contested continuously in day-to-day relations between employers, unions and employees as well as in periodic bargaining sessions. It also is involved, although not as directly, in the election of legislators and other public officials and in legislation before Congress and state legislatures.

As to the latter, labor legislation now before Congress and the right-to-work issue, particularly in the states, are cases in point. Passage of right-to-work laws and other legislation which will attack the monopoly power of unions and limit the areas of collective bargaining will go a long way toward stemming the tide of labor's encroachment on management functions.

Legislation as a rule invades the management function in such ways as regulating minimum wages, setting maximum hours, establishing some working conditions and, on occasion, fixing prices.

In rare instances it protects some management responsibilities, as in outlawing the closed shop, under

which a union could force the hiring of its members only and thus control the labor supply. Right-to-work laws protect employers against being forced into all-union shop contracts under which the union could force the discharge of employees who quit, are expelled from, or refuse to join the union.

Some states are exploring other protections for management in labor relations. In Arkansas, for instance, a drive is on to outlaw featherbedding by making it unlawful to require an employer to hire or use more workers than he deems necessary.

Collective bargaining itself is a curb on management that management accepts as a matter of public policy. Major complaint arises out of the changing interpretation of "wages, hours and other terms and conditions of employment," which defines the limits of bargaining, and the identification of rights retained by management.

James C. Phelps, assistant to the vice president for industrial and public relations of Bethlehem Steel Co., has said, "The process of collective bargaining involves an attempt by a labor union to persuade an employer to accept limitations upon the exercise of certain of his previously unrestricted managerial rights."

"To the extent that the union is unsuccessful in persuading an employer to agree to a particular demand, management's rights remain unlimited. It should equally follow that management possesses comparable freedom with respect to rights which the union has not even sought to limit."

Mr. Phelps stresses the importance of management striving to protect the right of initiative. "Technology, markets, and the economy in general are not static but changing," he points out. "Where management

is denied the right to take whatever action may be necessary to adapt the enterprise to new developments at the time when action must be taken, the business must suffer."

Arthur J. Goldberg, special counsel for the AFL-CIO, asserts that labor has rights, too, and that they go beyond those specified in a labor contract. Collective bargaining, he says, only provides the power to enforce rights to which the labor movement has long been dedicated.

He describes as historical fiction the assumption that, until unions came, management had absolute power and that management's rights are diminished only to the extent that labor's challenge has been successful.

Over the years, government boards and the courts have, in determining the limits of bargainable issues, allowed labor unions a wide latitude. Each expansion of the area of bargaining has been an encroachment on what management had considered its sole prerogative. For example, permitting unions to force bargaining on an employee stock purchase plan to which management contributes.

The result has been that employers too often cannot be sure where the line is drawn between those matters over which management has sole control and those over which unions may insist on joint control.

Note, for instance, the increasing union interest in profits and prices, underscored by the United Automobile Workers' profit-sharing and other demands. Or concern over production, as reflected in the United Mine Workers' regulation of the workweek in coal mining so as to limit output. Or restrictions on plant relocations through various types of penalties imposed by unions, notably the International Ladies' Garment Workers.

Sometimes the line of division is not clear because often employers and unions bargain voluntarily on proposals which the law does not require them to discuss.

A recent decision of the Supreme Court focused attention on the different categories of bargaining subjects. The court majority denied Borg-Warner Corp. the right to insist that Local 1239 of the UAW agree to a contract provision requiring a secret vote of all employees in the bargaining group before a strike could be called over contract terms.

The court held that the strike vote issue does not fall within the meaning of wages, hours and working conditions, and, therefore, is not a subject for mandatory bargaining when one side requests it. However, since it is not an unlawful provision,



How just 10 minutes with this guide can open the door to major savings

THE Texas Company has developed an important guide to significant savings in a neglected field of cost-control. It's not a book about lubricants—or about lubrication either. After all, lubricants and lubrication are matters that you, as an executive, normally leave to others. Nevertheless, the savings that can be made by good lubrication practices can only be realized when management knows how to organize the lubrication responsibility, what kind of savings to expect, and how to determine them—facts that you can find in Texaco's new guide.

Why this knowledge is a "must" today

Generally lower profit margins plus today's trend toward decentralization have put increased emphasis on the profit-and-loss statement as a measure of management efficiency for each plant unit. This guide uncovers a whole new area for savings for cost-conscious management by showing how to make significant reductions in maintenance costs.

Reducing maintenance costs increases profits directly

No other area of plant operation offers management such a major opportunity for savings. For example: A 10% reduction in maintenance costs through better lubrication methods will increase profits up to 4% in the average plant—that's more than equivalent to a 4% increase in sales! *And Texaco's new guide shows how it's done.*

Why organized lubrication is now a major tool for effecting savings

Steadily increasing mechanization has placed a greater premium on continuous high output—and a higher penalty on downtime. Texaco's new guide points out how an organized lubrication plan can bring you substantial savings the following ways:

Here's what an organized lubrication plan does:

- **Raises production** by cutting out inefficient manhours. Texaco's guide shows how one metalworking manufacturer saved 315 manhours per month.

- **Extends parts life** by handing lubrication responsibility to a qualified engineer. One major corporation has already acted on recommendations contained in the guide; expects to effect substantial maintenance savings.

- **Cuts downtime** by insuring that each machine is properly lubricated with the correct lubricant to assure optimum performance. Texaco guide demonstrates how one mill increased bearing life from 16 to 72 shifts.

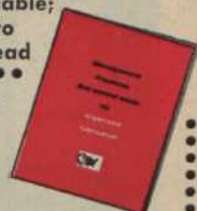
THIS TEXACO GUIDE TO MANAGEMENT PRACTICE MAY HELP YOUR CORPORATION ACHIEVE SIMILAR RESULTS

Limited quantity available; please attach coupon to your company letterhead

• THE TEXAS COMPANY
• Dept. N-50
• 135 East 42nd Street
• New York 17, N. Y.

Please send me Management Practices that Control Costs via Organized Lubrication.

Name _____ Title _____





Business as Usual (while installing your Marlite walls)

No muss or fuss. No lingering paint odors or messy plaster dust. Easy-to-handle Marlite goes up fast over old or new walls. What's more, this economical paneling can be installed without interrupting normal business activities. And beautiful Marlite walls cut maintenance costs to the bone. The baked melamine plastic finish resists smudges and stains . . . wipes clean with a damp cloth . . . never needs painting.

Marlite is available in a wide array of Loewy "Companion Colors," distinctive wood and marble patterns . . . in Planks, Blocks, large Panels, and hollow-core Korelock. Before you build or remodel—business or home interiors—see your architect, contractor or building materials dealer, or write Marlite Division of Masonite Corporation, Dept. 770, Dover, Ohio.



Marlite®
plastic-finished
WALL and CEILING PANELING

ANOTHER QUALITY PRODUCT OF MASONITE® RESEARCH

UNIONS AND LAWS

continued

the company was not prohibited from proposing it and discussing it if the union was willing. But the court said the union had no legal obligation to discuss it and, therefore, the company had no right to insist on it to the point of impasse.

The court minority, in its dissent, contended that the right to bargain becomes illusory if one is not free to press to the point of insistence a proposal made in good faith.

In determining whether a proposal falls within the scope of mandatory bargaining, the Supreme Court gave employers another yardstick to add to other tests. To be the subject of mandatory bargaining, the court indicated, a proposal must deal with relations between the employer and the employees, not with those between the union and the employees.

The Supreme Court's doctrine recognizes three categories of bargaining proposals and establishes three rules governing them:

1. Proposals that would be illegal if agreed to. Bargaining on them may not be required and they may not be put into a contract.

EXAMPLE: A closed shop provision under which only union members may be hired. Taft-Hartley forbids this.

2. Proposals that may be discussed voluntarily in bargaining and put into a contract if agreed to. Neither party, however, may be required either to bargain on them or agree to them. To insist on their inclusion in a contract is a violation of the duty to bargain in good faith.

EXAMPLES: Secret strike vote, ratification of a contract by secret vote, size and composition of employer or union bargaining teams, requiring a union to post a performance bond, requiring an employer to bargain with a striking union in regard to workers hired to replace strikers.

3. Proposals that fall within the scope of mandatory bargaining. The other party must bargain on such a proposal and the party advancing it may insist on it to the point of impasse.

EXAMPLES: Wage rates, working schedules, discharges, seniority, grievances, union security, incentive pay rates, vacations, pensions, group health and life insurance, employee stock purchasing plan to which an employer contributes, subcontracting of work, plant relocation. **END**

Short cuts with Recordak Microfilming

Latest report on how this low-cost photographic process is simplifying routines for more than 100 different types of business . . . thousands of concerns

MAKES AUDITING EASIER

NEW YORK, N. Y.

The toll tickets which operators at The New York Telephone Company make out for long-distance calls are sometimes needed in two places at the same time. The company's Peg Count Bureau uses the tickets to analyze telephone traffic volume for management. And the accounting department must have them to bill subscribers.

No dilemma, now. Running the tickets through a Recordak Microfilmer (which takes up to 400 pictures per minute) lets the Peg Count Bureau release tickets promptly, ending billing delays. And, equally important, the Bureau can now make its audit studies more efficiently from the microfilms projected in Recordak Film Readers. No more peak periods and pressing deadlines.

How a similar short cut can work for you

Businesses of every type are using Recordak Microfilming to audit and analyze their accounts without interrupting daily posting operations. In branch offices, for example, accounts are "frozen" as of any date and Recordak Microfilm copies sent to



centralized audit in home office. This cuts need for costly field audits. And protection is increased automatically by filing film record in a separate location. Often, this cuts insurance costs.

Write for free booklet showing how Recordak Microfilming serves companies like yours. Or have a Recordak Systems Man call. No obligation whatsoever! "Recordak" is a trademark

Recordak Film Reader enlarges items sharp and clear



RECORDAK

(Subsidiary of Eastman Kodak Company)

**originator of modern microfilming—
now in its 31st year**

MAIL COUPON TODAY

RECORDAK CORPORATION

415 Madison Avenue, New York 17, N. Y.

D-7

☐ Send free copy of "Short Cuts that Save Millions."

☐ Have local Recordak Systems Man phone for appointment.

Name _____ Position _____

Company _____

Type of Business _____

Street _____

City _____ State _____



New Hartford plans bring complete medical protection to your employees

A worried employee, with a backlog of big medical bills not covered by ordinary hospitalization, rarely gives full attention to his job. But—when you protect your people with Hartford's new-type plans, you insure their peace of mind and your company's work schedules, too!

The Comprehensive or Integrated Major Medical Plans offered by the Hartford Accident and Indemnity Company are uniquely flexible. They can be written on the *all-cause* basis, or on a *per-cause* basis at a lower rate. Both plans give full range coverage up to catastrophe limits.

Another welcome feature is the fast, expert service of Hartford's Claim Office network. More than 200 offices from coast to coast assure quick claim handling wherever you have operations or employees. Still another plus is the streamlined premium payment procedure. All these benefits are backed up solidly by Hartford strength and integrity.

Ask your Hartford Accident and Indemnity Agent or your insurance broker about this new, flexible group protection. With the help of Hartford Group Insurance specialists, he will plan a complete and economical program for 10* or 10,000 employees, to fit your requirements. See him this week.

*In Florida, 15.

Year in and year out you'll do well with the

HARTFORD
Fire Insurance Company
GROUP

Hartford Fire Insurance Company
Hartford Accident and Indemnity Company
Hartford Live Stock Insurance Company
Citizens Insurance Company of New Jersey, Hartford 15, Connecticut
New York Underwriters Insurance Company, New York 38, New York
Northwestern Fire and Marine Insurance Company
Twin City Fire Insurance Company, Minneapolis 2, Minnesota



The state of the nation

French disaster holds lesson for U. S. in making democracy work

ON JULY 14, ten days after our most significant national holiday, the French habitually celebrate "Bastille Day." It is the anniversary of the storming in 1789 of this royal prison, on what is still the Place de la Bastille. Popularly supposed to incarcerate scores of political prisoners, this great dungeon, when its guards were overcome by the Parisian mob, was found to contain only seven convicts—four counterfeiters, two lunatics and a homicidal alcoholic. Nevertheless, this assault on authority touched off the powder mine of the French Revolution, whose leaders dedicated the day to the triumph of the people over tyrannical government.



The French will not hear many orations on this theme, nor do much celebrating, on Bastille Day, 1958. The breakdown of their representative government, and the consequent agony, is far too tragic an event to encourage festivities in honor of the birth of French democracy. The fall of the Fourth Republic is no time for France to memorialize the origin of its First Republic, which also succumbed to the will of a man on horseback, in that case named Napoleon.

Perhaps the most interesting coincidence in all history is found in the fact that the American and French Republics were almost simultaneously launched. On April 30, 1789, less than 11 weeks before the Bastille was stormed, George Washington had been inaugurated as first President of the United States, directing a government which, for all its growth, still operates under the Constitution then newly in effect. The inspiration of this event, carried to France by sailing ships, immediately stimulated the movement to overthrow the absolute monarchy there.

Yet for some reason the French, despite their individual political genius, have never been able to establish a government as stable as the one over which Washington first presided. Our Civil War notwithstanding, we can claim an unbroken sequence of orderly presidential and congressional

elections. France, in the same time span, has had four different republican constitutions, two constitutional monarchies, two arbitrary emperors and several short-lived intermediate dictatorships.

The success of constitutional government in the United States, as contrasted with its repeated failures in France, is certainly not to be attributed to any general superiority on the part of Americans. Most of us, indeed, would willingly admit that, person for person, the French are likely to be more cultivated than ourselves. Why, then, have these highly civilized people made such a continuous botch of civil government?

While numerous partial explanations may be vouchsafed, the most fundamental would seem to be the French obsession with the theory of political democracy, as pure and unadulterated as possible. The cumbersome constitution of 1946 declares that "the people shall exercise sovereignty through their deputies and (which sounds ironic

By Felix Morley



now) that "no individual may assume its exercise." (Art. 3.) Under this constitution France had 25 Prime Ministers in 12½ years, including many interim periods of weeks together during which there was no responsible executive. In theory nothing could be more democratic than the provision that the Premier must resign whenever the National Assembly casts a majority vote against legislation sponsored by him. But, at a time when firm executive direction was imperative, nothing could have been more disastrous in practice.

When we look at the powers entrusted to the National Assembly, which so repeatedly proved its incompetence to govern, we find the same insistence on a political theory which simply fails to work. The French Constitution of 1946 established a Second Chamber—the "Council of the Republic." But it was made almost wholly powerless; in no way comparable with our Senate. The Assembly "alone shall vote the laws. It may not delegate this right." (Art. 13.) Thus any departmental head, seeking to interpret a law to handle some difficult administrative problem, could be and frequently was censured by a majority of the House. And, Article 50, "Passage of a motion of censure by the National Assembly shall automatically result in the collective resignation of the Cabinet."

So it is scarcely surprising that French governments, under the short-lived Fourth Republic, tumbled one after another. What was in any case probable became certain when the last general election returned 150 dedicated communist members to a National Assembly with 600 seats.

The French electoral laws, now happily to be scrapped, also carried this thoughtless worship of political democracy to a self-defeating extreme. To give maximum effect to the vote of every citizen, an elaborate system of proportional representation was established. The result was that no Frenchman ever voted for an individual candidate, but merely for a party list. The party leadership then appointed to the all-powerful Assembly as many deputies as were authorized by a slide-rule division of the total vote. The result in practice was that many disgruntled voters, who would have drawn the line at endorsing a particular Red, nevertheless voted communist as a gesture of protest. With the latitude allowed by the highly democratic electoral laws the party leadership would then allot seats to trusted comrades who probably would never have been chosen by the electorate on a personal basis.

James Madison, chief architect of our quite undemocratic Constitution, defined "the great difficulty" of the Founding Fathers in a memorable phrase: "You must first enable the government to

control the governed, and in the next place oblige it to control itself." While the now abrogated French constitution had 123 separate articles, as compared with the seven adopted in Philadelphia in 1787, it is the system that promised "the people" most which has failed; that which left them to their own devices which has succeeded marvelously. The reason is simply that our Constitution solved "the great difficulty" defined by Madison; while those of France have always ignored it.

The central government of the United States has ample power—some think more than enough—to control the governed. Yet, so long as the defense of states rights is virile, and so long as the other checks and balances endure, all federal officials are also compelled to control themselves. The seizure of supreme authority by any general in this country is as unlikely as is the corruption of its military services by political plotters.

Nor is the difference from France entirely due to the wisdom of those who built the firm foundations on which our government still rests. Madison, for instance, never anticipated the emergence of political parties in this country. He, and all his colleagues, anticipated that Americans would vote between men and not between parties. Now we have developed an active party system and many regard themselves as bound by the party label regardless of the quality of its candidates. Yet it is still the ideal of "the best man" that is decisive with most American voters.

Of course this fluidity keeps our political parties from having the sharp class or other divisive special interest that is found in the European democracies, and provided the entrance for de Gaulle in France, as for Hitler in Germany. There may be local tendencies for one of our parties to favor business and that one labor; for this one to draw from Catholics and that from Protestants and so on. But such particularism has fortunately never been dominant, as it was in France. Here party organization is a matter of practical political convenience rather than a form of emotional, divisive idolatry. Similarly, our notion of "democracy" is social rather than political. It is not an obsession with the strange belief that a majority as such is always right, but a practical way to reach decisions that do not undermine the fundamental rights guaranteed to individuals by the Constitution.

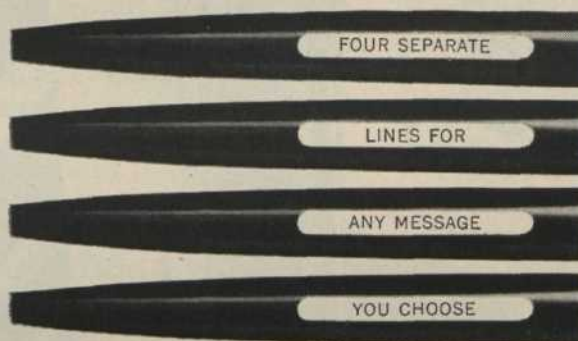
Over two thousand years ago, in his study of "The Republic," Plato showed clearly that the nearer a government comes to pure democracy, the closer it also comes to a personal dictatorship. If the majority as such is right, he argued, the best way to make its will effective is for one man to speak, without fear of contradiction, in the name of the people. Yet there are still many who have never realized the tragic ease with which an unrestricted democracy can destroy itself.

Let Parker put your message in *action* with the

NEW PARKER T-BALL WINDOW JOTTER* PEN



- Ideal as a convention gift, salesman's giveaway.
- Spotlights your slogan, new product, address, phone.
- Clear, easily seen, always remembered.



Each click of the actuating button rotates a different line into position.

Parker T-Ball Window Jotter combines prestige appeal of Parker with the novelty of a brand new special interest feature!

T-Ball Window Jotter itself includes all the features of the regular T-Ball Pen:

- New porous T-Ball with textured surface grips the paper and eliminates practically all skipping.
- Constant traction for instant starting, darker, printed-in writing.
- A smooth, controlled touch no slick slippery solid ball can give.
- Holds to paper better . . . flows ink better . . . writes cleaner, with less effort on any writing surface.

Write to: The Parker Pen Company, Janesville, Wisconsin, Industrial Sales Division, for quantity prices and complete product information.

Choose the right gift for all business occasions from this complete line of fine pens: (Prices shown are retail.)

Parker 61 Capillary Pen—Classic, \$15.00; Deluxe, \$17.50; Legacy, \$20.00; Custom, \$22.50; Heritage, \$25.00; Heirloom, \$27.50.

Parker "51" Pen—Special, \$10.00; Deluxe, \$12.50.

Parker 41 Pen—\$8.75

Parker Debutante Pen—\$6.00

Parker Super "21" Pen—\$5.00

Matching pencils available for all Parker fountain pens.

Parker T-Ball Jotter Pen—Special, \$1.95; Deluxe, \$2.45; Custom, \$2.95.

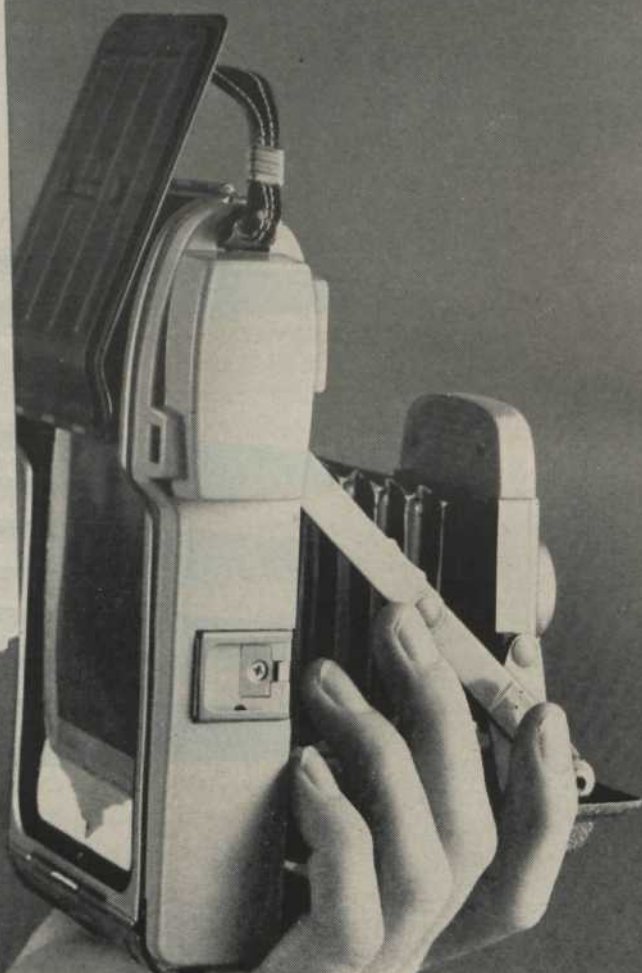
Parker "Pardners" Pen and Pencil Set—\$3.75

Parker T-Ball Jotter Desk Sets—\$2.95, \$3.95, \$4.95, \$12.50.

Parker Fountain Pen Desk Sets—\$10 to \$100 and more.

 **The Parker Pen Company**
MAKERS OF THE WORLD'S MOST WANTED PENS

*PARKER AND JOTTER ARE REGISTERED TRADEMARKS AND T-BALL IS A TRADEMARK OF THE PARKER PEN COMPANY
COPYRIGHT 1958 BY THE PARKER PEN COMPANY, JANESVILLE, WISCONSIN, U.S.A. • TORONTO, ONTARIO, CANADA



The "99" Calculator in Polaroid's profit picture

At Polaroid Corporation, Cambridge, Massachusetts, the REMINGTON RAND "99" Printing Calculator has become prominent in their figure-work picture. Notably, it eliminated unnecessary computations in their running inventory records.

Polaroid officials claim, "The "99" handled our stock record problem so well that we have applied it, much to our satisfaction, to other phases of our figure work".

Did you know that you can buy a "99" Calculator for less than \$6.10 a week, after down payment? For information contact your local Remington Rand Office or write for folder C1096, Room 1726, 315 Fourth Avenue, New York 10, New York.

Remington Rand
DIVISION OF SPERRY RAND CORPORATION

THE PROOF IS ON THE TAPE

*Automatically-
Multiplies*
\$ 34.56
189 pcs.

Divides
235.50/9.70

*adds
subtracts and
Credit Balance*

1	3 4 5 6
8	
9	6 5 3 1 8 4 *
	9 7 0
0	2 3 5 5 0
0	
4	
1	4 4 5 0 *
	5 8 7 0 5 7
	3 2 5 0
	7 8 9 3 8 7
	1 3 7 9 6 9 4 3
	3 1 6 8 9 4 5 -
	1 7 8 9 2 5 1 * CR

Washington mood

Outlook is for new political twist in the 1960 presidential campaign

TWO YEARS BEFORE the national political conventions, Vice President Richard M. Nixon appears to have a clear field for his party's 1960 nomination for President.

The picture could change, but so far no Republican is threatening to challenge him for the prize. This is so in spite of the fact that Mr. Nixon's home state of California seems likely to go Democratic next November.

Leaders of the Democratic Party take it for granted that Mr. Nixon is the man they will have to beat in 1960. Not only that, but they believe he will be a formidable candidate.

The surprising thing is that hardly anybody in Washington seems to think it remarkable that the 45-year-old Californian should have the Presidential nomination nailed down this far in advance.

The fact is, it is both remarkable and extraordinary. A look backward will show that there has never been a situation quite like it in our political history.

It is now 122 years since any man has advanced directly from the Vice Presidency to the Presidency in an election. Seven Vice Presidents reached the White House as a result of the death of Presidents: Tyler, Fillmore, Johnson, Arthur, Theodore Roosevelt, Coolidge and Truman. Three of these went on later to win election to the Presidency in their own right.

• • •

But to find anything even comparable to the present situation, you have to go back to 1836 and to Martin Van Buren.

That was the year when President Andrew Jackson, nearing the end of his second term, forced a Democratic National Convention to give the presidential nomination to Van Buren, his favorite and protege. In the background was a drama involving a woman of some notoriety and a shattered Cabinet. Hollywood made it into a movie called "The Gorgeous Hussy."

One of Jackson's Cabinet officers, Secretary of

War John H. Eaton, married Peggy O'Neal, daughter of a Washington tavern-keeper. Her reputation, said John Quincy Adams in his diary, "was not in good odor." The other Cabinet wives snubbed her; in fact, ostracized her.

President Jackson, whose own beloved Rachel had been much maligned, was determined to have Peggy Eaton accepted in official society. He blamed Vice President John C. Calhoun and most of the Cabinet officers for the situation, and tried to get them to persuade their wives to end their war on Peggy. It was in vain.

Secretary of State Van Buren was a widower and had no woman to give him his orders about Mrs. Eaton. He treated her with gallantry, and tried to get others to accord her recognition.

Old Hickory was grateful, and before the election of 1832 saw to it that the Democratic National Convention made Van Buren his running mate. Four years later, he dictated Van Buren's

By Edward T. Folliard



nomination for President, and had the satisfaction of seeing him elected.

Prof. Edgar Wiggins Waugh, an authority on the Vice Presidency, has related all this in his book, "Second Consul," and remarked:

"Thus ends the story of the only Vice President since the Twelfth Amendment to rise from the political sepulcher of the Vice Presidency and advance by his own election to the Presidency. He was able to do it only because his clever strategy made President Andrew Jackson plan it that way. And for President Jackson's plans Van Buren owed a great debt of gratitude to Mrs. Margaret O'Neal Eaton. We cannot but conclude that the one case of succession by election from the Vice Presidency to the Presidency since the Twelfth Amendment was little less than accidental."

Obviously, the only parallel involved here is that Vice President Nixon has a chance of emulating Van Buren by advancing himself through election from the No. 2 to the No. 1 job in the nation. Otherwise the cases are altogether dissimilar.

For one thing, President Eisenhower is no Andy Jackson and has no intention of trying to dictate the nomination of Mr. Nixon or of anybody else at the 1960 convention. He has said that he will maintain a hands-off attitude when the Republicans choose their next standard bearer.

That doesn't mean that the President hasn't had something to do with Mr. Nixon's favorable position just now. He has had a lot to do with it. Over and over he has praised the Californian, and has said of him:

"Never has there been a Vice President so well versed in government."

All of this means, certainly, that Mr. Nixon would have President Eisenhower's blessing if he should get the nomination two years hence. It probably means, also, that the soldier-statesman would take the stump for him in an effort to land him in the White House.

A further reason for the Vice President's bright outlook, so far as the 1960 nomination is concerned, is that he seems to be acceptable to both factions of his party—that is, to the Eisenhower or modern Republicans and to the right wing.

Still another reason for the absence of opposition to Mr. Nixon might be that those Republicans who have bucked him, or thought of bucking him, have always seemed to get the worst of it. Thus, Harold E. Stassen, who tried to have him dumped from the 1956 ticket, had to back down publicly in San Francisco's Cow Palace and make a speech in his favor. More recently, Mr. Stassen was defeated in his attempt to win the Republican nom-

ination for governor in Pennsylvania, and is now in political eclipse.

Sen. William F. Knowland of California, outgoing Republican leader of the Senate, certainly would have opposed Mr. Nixon for the presidential nomination in 1956 had President Eisenhower stepped aside that year because of his heart attack. He confided as much to friends. Senator Knowland seems to have had the same idea in mind when he gave up his seat in the Senate, and announced his candidacy for the nomination for governor of California.

But even before last month's primary elections, the Senator evidently had given up any idea of trying to wrest the presidential nomination away from the younger man. He said publicly that Mr. Nixon was "the leading contender and the only major candidate."

Senator Knowland now is also in danger of political eclipse.

The June 3 primaries in California—which resulted in Edmund G. (Pat) Brown, a Democrat, getting 600,000 more votes than Senator Knowland—were a shocker to the Republican professionals here in Washington, even though they knew that a strong Democratic tide was running in California and that 500,000 were out of work there.

What will be the effect on Vice President Nixon's fortunes if Pat Brown and the other top Democratic candidates take California in November?

The best judgment of politicians, Republicans and Democrats, is that Mr. Nixon will still be the best bet to win the presidential nomination in 1960, but that he will be hurt in a psychological way by having to operate from a weak and uncertain home base.

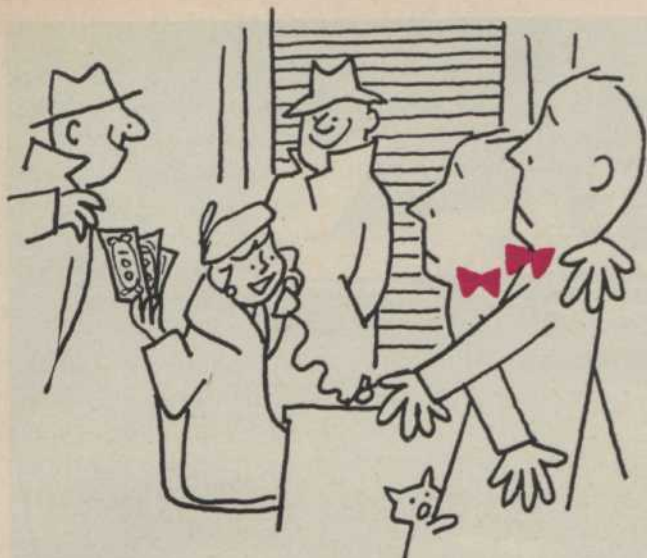
Democratic Party leaders have little liking for Mr. Nixon but most of them acknowledge that he is able, energetic, and a brilliant politician.

In a way, it is surprising that the Democrats should think of the Californian as a formidable candidate in 1960. The pendulum seems to have been swinging toward their party.

A recent Gallup Poll indicated that Republican strength was lower than at any other recorded point since 1936 and certainly the difficulties of Sherman Adams, the President's chief of staff, are not likely to help the G. O. P. cause.

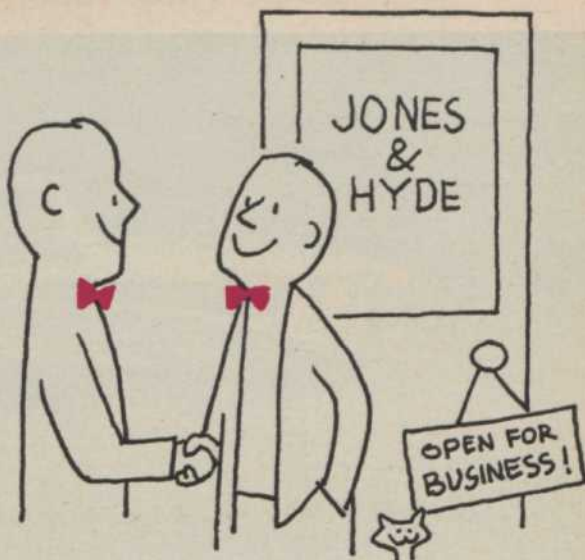
Yet it is a fact that Democratic optimism is tinged by apprehension as the party looks ahead to 1960. There are a number of reasons for this.

The Democratic chieftains do not believe that a man ought to be passed over on account of religion, but they are plagued by uncertainty as to what would happen if a Catholic should have the No. 1 or No. 2 place on their ticket. Then there is the question of racial integration. They know that there is a real danger that the party will be split wide open by this issue, with the South, or a good part of it, bolting the national ticket.



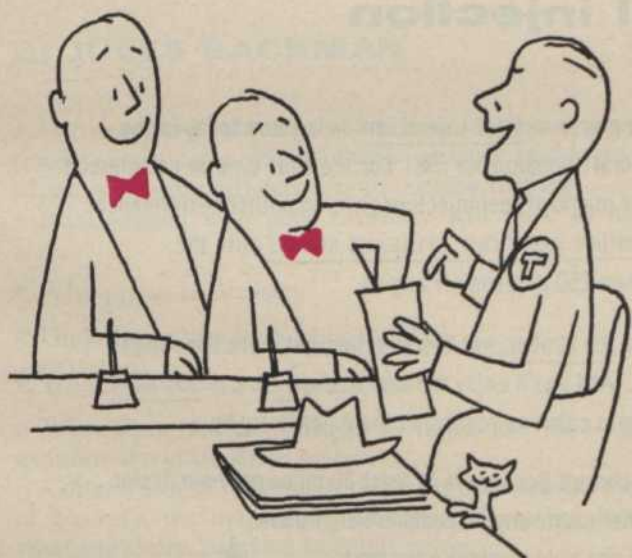
1.

The money-making partnership of Johnson, Jones & Hyde
Went on the rocks one gloomy night when Mr. Johnson died.
Poor Widow Johnson's business sense? It wasn't even funny.
The firm had hoped to buy her out but lacked the needed money.



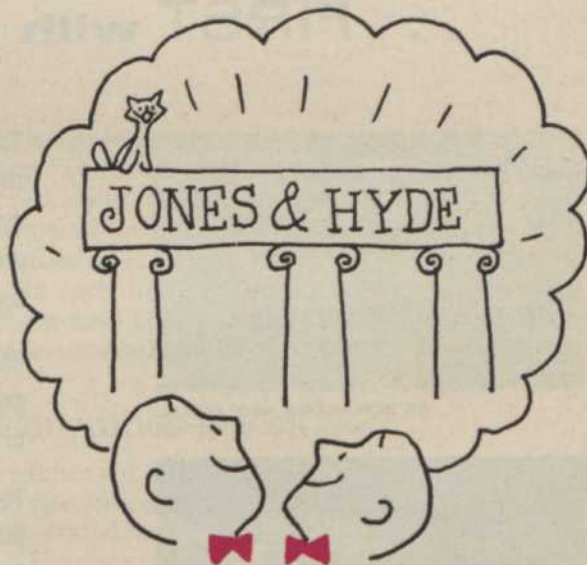
2.

Soon bankrupt, plucky Jones and Hyde decided to start over.
But first a Travelers man explained the way to *stay* in clover:
"Our Partnership Insurance gives your firm the cash that buys
A partner's share, priced fair and square, if either party dies.



3.

"This way you're sure that amateurs won't wreck your balance sheet.
An heir gets cash—no strings attached—to live on easy street.
Just sign a buy-and-sell agreement," he went on with vim.
"Get your attorney's sound advice—I'll work along with him."



4.

"We'll buy," replied both Jones & Hyde. "It's high time we insure
So even if a partner goes our business stays secure."
Like Jones & Hyde, your partnership can have this happy plan.
Get all the dope. Get on the phone and call a Travelers man.



THE TRAVELERS

Insurance Companies

HARTFORD 15, CONNECTICUT

All forms of business and personal insurance including Life • Accident • Group • Fire • Marine • Automobile • Casualty • Bonds



Get there **FAST** in a '58 Beechcraft Bonanza
 ... **FIRST** with fuel injection



'58 BONANZA'S NEW ENGINE
 WITH FUEL INJECTION



GO FARTHER—FASTER

The four-place Beechcraft Bonanza
 RANGE — up to 1,060 miles nonstop
 SPEED — up to 210 miles per hour

Tomorrow's power — fuel injection — is yours today in the New Beechcraft Bonanza for '58! For the first time in commercial aviation, the magic of fuel injection gives smoother performance and 200 miles per hour cruising speed with the Bonanza's new 250 horsepower engine.

Now you can go faster, get there earlier, get more done than ever before. And you'll enjoy the supreme quiet and comfort of the Bonanza cabin as you watch the miles hurry by.

The '58 Beechcraft Bonanza is at least 30 miles per hour faster than any other single-engine commercial airplane. This rugged and right airplane uses less fuel than your family car, and no airplane is easier to fly!



Beechcraft



For information about the Bonanza and the finest leasing and financing plans in aviation, see your Beechcraft distributor or dealer, or write Beech Aircraft Corporation, Wichita 1, Kansas, U. S. A.

BEECHCRAFTS ARE THE AIR FLEET OF AMERICAN BUSINESS



Where prices go from here

This analysis evaluates indicators you
can watch for keys to what lies ahead

By **JULES BACKMAN**

ANALYSIS OF THE FACTORS that influence price trends shows some developments already under way which will bring adjustments in coming months.

Businessmen who plan carefully will need to observe:

- ▶ Why prices have risen.
- ▶ Underlying trends in price indexes.
- ▶ What will bring price adjustments.

With these factors clearly in mind, we then can examine the outlook for prices.

Comparison of current trends with previous periods of business decline reveals no great deviation from what normally happens to retail prices.

Yet you hear from many quarters that price rises of recent months are unique. Some observers blame industrial policy for the failure of prices to decline till now.

Much of the thinking about price changes seems to be colored by the recollection of what happened in the deep depression of the 1930's and in the post-World War I collapse of prices. Less attention is being given to what has happened in the more moderate recessions since World War I.

It is useful, therefore, to review the movements of consumer prices and wholesale prices in the recessions which have developed since the early 1920's, those of 1923-24, 1926-27, 1937-38, 1948-49, and 1953-54. While the decline in economic activity recorded in each of these recessions varied to some extent, general-

ly it was relatively modest in depth and short in duration. The most extreme decline was that in 1937-38.

To check out the behavior of prices, the turning points in the business cycle compiled by the National Bureau of Economic Research have been used.

In each instance, the movements of the price indexes have been examined before and after the peaks were established.

Consumer prices

It has not been unusual for the consumer price index to rise during the early months of a recession. This is illustrated by a review of past experience.

The index rose by 2.2 per cent during the first six months of the 1923-24 recession. The subsequent decline in prices still left the index 0.7 per cent above the May 1923 level when the recession hit its low point.

Throughout the entire 1923-24 downturn, the index remained higher than it had been at the peak of the previous cycle.

The net decline between October 1926 and November 1927 was 1.5 per cent. In general, the fluctuations were small.

The consumer price index rose moderately during the first seven months of the 1937-38 recession, although industrial production fell by 27.7 per cent during that period. Prices then turned down and, when the low point was reached in economic activity, the price index was 1.5 per cent below the May 1937



An authority on price trends, Dr. Jules Backman is economic consultant to a number of corporations and a member of the faculty of New York University's School of Commerce, Accounts, and Finance

level. The index continued to decline moderately after June 1938.

From the end of World War II until the autumn of 1948, the consumer price index rose 35.2 per cent. In November 1948 the index was 103.5 (1947-49=100); it declined to 101.5 in October 1949, or by 1.9 per cent. After the bottom of that recession was turned, the consumer price index continued to decline moderately, reaching its low point of 100.4 in February 1950.

During the period of declining business activity from July 1953 to August 1954, the consumer price index remained fractionally higher than in July 1953

(except for April 1954 when it was 0.1 point below); the net rise was 0.3 per cent.

Thus, in five recessions in the past 35 years the consumer price index remained unchanged or rose twice and declined moderately three times. During one of the periods of decline, the index rose for the first seven months before turning downward. This is a different picture from the popular belief that the recent rise in the consumer price index during a recession is something new. It might also be recalled that in the 1913-14 recession, the cost of living index rose 3.3 per cent.

It is significant to note that, during each of these recessions, the changes in the sluggish consumer price index have been small. The net changes ranged between an increase of 0.7 per cent and a decrease of about 1.9 per cent. The index tended to lag behind business activity both on the rise and on the decline. It is against this background that the present experience and outlook should be evaluated.

Retail food prices declined from August to November 1957 largely because of seasonal influences. However, they have since risen to new high levels because bad weather curtailed supplies, particularly for fruits and vegetables, and because relatively low marketings curtailed the supplies of meats. For these products, prices respond promptly and sharply to lower supplies. Prices of services have continued to move upward mainly under the influence of higher labor costs.

An examination of the consumer price index shows that some prices already have begun to decline. For example, the index of all commodities other than food has drifted downward about one per cent since it reached its peak in November 1957. Part of the decline in this index reflects the larger discounts for automobiles. It also reflects the decline in prices of apparel and fuels since November.

Between August 1957 and April 1958, the consumer price index rose by 2.1 per cent. This rise has been concentrated primarily in foods (up 3.1 per cent) and in services (up 2.7 per cent).

Changes in production and prices in six recessions

Recession period	Industrial production	Consumer price index	Wholesale price index	Industrial prices	Prices of farm products
May 1923 - July 1924	- 18.4	+ 0.7	- 6.0	- 6.2	+ 2.0
Oct. 1926 - Nov. 1927	- 7.5	- 1.5	- 3.1	- 6.5	+ 6.6
May 1937 - June 1938	- 32.3	- 1.5	- 10.4	- 5.8	- 23.4
Nov. 1948 - Oct. 1949	- 9.6	- 1.9	- 6.5	- 5.2	- 11.5
July 1953 - Aug. 1954	- 10.2	+ 0.3	- 0.4	- 0.3	- 2.1
Aug. 1957 - Apr. 1958	- 13.1	+ 2.1	+ 0.8	- 0.3	+ 5.3

SOURCES: Federal Reserve Board and U. S. Department of Labor, Bureau of Labor Statistics.

What is the outlook for the consumer price index for the balance of 1958?

The combination of seasonal factors and increasing supplies of food suggests a modest decline in food prices. The U. S. Bureau of Agricultural Economics describes the situation for meats as follows:

"The price strength was due to a combination of, 1, delayed marketings for slaughter following big feed crops, and, 2, a withholding of breeding stock for herd expansion. Because of these factors, livestock slaughter in January-April averaged about nine per cent below 1957. . . .

"The delay in marketings is temporary and will end soon. By late April lamb and hog slaughter had climbed above last year, and fed cattle marketings had begun to rise. Hog slaughter will be moderately above last year throughout the second half of 1958. Fed cattle marketings are expected to increase further in late spring. They, too, will probably exceed a year earlier in the second half.

"These upturns in supply will bring some reductions in prices. But the drop is not expected to be great, chiefly because continued withholding of breeding stock for inventory expansion will prevent large changes in supply."

Of course, nature can always play tricks as she did last winter. But apart from this eventuality, the pressure should be for somewhat lower food prices. In this area, weather conditions and available supplies are the key factors to watch.

The prices of services, which account for about one third of the index, should continue their steady post-war advance. Labor costs are the primary cost for services—and they are heading higher. In general, there is little likelihood that productivity gains can offset higher wages for services.

The prices of goods other than foods account for a little more than one third of the index. They should continue to drift downward. Lagging sales of appliances, furniture, apparel, tires, and automobiles inevitably take their toll in more intensive price competition. Price cuts are already under way. More may be anticipated. Changes in wholesale prices will provide a significant guide to retail price trends for these products.

The net result of these various forces should be little change in the consumer price index in the months ahead. Whether or not there will be a small decline will depend largely on what happens to food prices.

Wholesale prices

Wholesale prices have had a more consistent record of decline during recessions but for these prices, too, only minor changes were recorded in the 1953-54 recession. The past changes in the wholesale price index may be summarized as follows:

Wholesale prices declined by six per cent in the 1923-24 recession. In 1926, the wholesale price index began to decline before the peak of the cycle was reached. Prices continued to decline after the economy turned downward. The low point for the price index was 61.1 in May 1927, or 5.4 per (continued on page 68)

Price declines, wholesale price index, August '57—April '58

	Per cent change	Weight in wholesale price index
Paperboard	— 0.1	.447
Paper	— 0.2	1.423
Structural metal prod.	— 0.2	1.689
Nonstructural metal prod.	— 0.3	1.871
Other farm products	— 0.4	.880
Apparel	— 0.4	3.672
Leather	— 0.5	.245
Millwork	— 0.5	.561
Industrial chemicals	— 0.6	2.241
Alcoholic beverages	— 0.6	1.059
Footwear	— 0.7	.138
Plywood	— 0.8	.363
Household furniture	— 0.8	.924
Tires and tubes	— 0.9	.666
Heating equipment	— 0.9	.341
Other leather products	— 0.9	.296
Other textile products	— 0.9	.154
Hay, hayseeds, and oilseeds	— 1.7	.515
Fats and oils, inedible	— 1.9	.146
Cotton products	— 1.9	2.003
Man-made fiber prod.	— 1.9	1.090
TV, radio and phonographs	— 2.1	.554
Fluid milk	— 2.2	1.538
Floor coverings	— 2.3	.362
Plant and animal fibers	— 2.5	1.015
Animal fats and oils	— 2.7	.103
Iron and steel	— 2.8	5.494
Lumber	— 2.9	2.049
Other tobacco manufactures	— 2.9	.086
Eggs	— 3.3	.661
Coal	— 3.5	.630
Plumbing equipment	— 4.2	.198
Silk products	— 4.5	.027
Nonferrous metals	— 7.7	2.757
Petroleum and products	— 7.7	5.110
Packaged beverage materials	— 8.3	.595
Wool products	— 8.6	.491
Crude rubber	— 9.1	.275
Hides and skins	—13.3	.085
Prepared asphalt roofing	—16.1	.181
Total		42.935

SOURCE: U. S. Bureau of Labor Statistics

Top management authority tells:

HOW TO IMPROVE EXECUTIVE TRAINING



FRIED-PIX

Nation's Business interview with **Lyndall F. Urwick**,
British author, lecturer and consultant on management

Industry is cautioned against building up its bureaucrats, misusing specialists, relying too much on social scientists

Has American industry's use of off-the-job training been effective for developing executives, Colonel Urwick?

I think it's been valuable for giving executives knowledge about management and business, but it is only about 40 per cent of the job.

What is the other 60 per cent?

The 60 per cent is practical training. Doing jobs well, being encouraged to do jobs that are a little outside what he believes to be his strength and then succeeding at them. Being given a little more than he thinks he can do and then finding he can do it is good training for a man. What you have done is to develop the academic apparatus for teaching management without a parallel development of practical training or consciousness of its importance.

The enthusiasm for university education in management is of nearly a half century's standing but the enthusiasm for executive development within business is only of about a decade's standing. The timing of the two halves of the problem has become unequal.

Would you say that we should do more on-the-job development?

I think you will have to do a lot more.

I believe if you took the whole run of American business, you would still find an enormous number of companies in which little practical development of executives was taking place.

It is difficult, because if you ask the president of a small business, "What are you doing about executive development?" he looks at you and says, "Well, I don't know. What's that?"

You go on talking and in 10 minutes he is being enthusiastic about his plans for young George. He doesn't call it executive development. He is doing it instinctively because he is interested in his show. Young George is his nephew, or there's some other reason. He doesn't know he is doing it. He can't answer a questionnaire or anything of that sort.

Would you say then that there is more need for management know-how in the smaller and medium-sized companies than in the larger companies?

No. More attention to the practical development of people is needed everywhere. A lot has been done. I am not being critical. I merely say interest in the

subject in business is only 10 years old. It wants about 30 years' experience.

What kind of training do you consider to be most effective?

To start with, you must have a sound, basic general education. I think your country is suffering enormously from the enthusiasm for education which has given your universities such enormous numbers to cope with. Because the classes are so large, instructors are quite incapable of teaching some quite elementary skills. For instance, writing.

I hardly know a single man—even with three degrees—trained in the business schools in this country who can write.

I was talking with a man at Minnesota, an intelligent teacher of management. I said, "You are turning out these boys and they can't write for little apples. They all think words of five syllables should be used where one will do."

I said I was taught quite deliberately, through my educational process, to use short words and simple sentences.

He said, "Yes, I have no doubt you were, but how were you taught?"

I said, "The man used to sit down alongside me with my thesis or my report and he showed me how to rewrite paragraphs so they made good English."

He said, "I have 80 men in my class. That's another 20 hours work a week."

Do we need better training in our schools of business administration or do we need this basic training even before that?

Both before and in the schools of business administration. An educational pattern has grown up in your country in which a man collects credits largely on question and answer examinations. This discourages the steady discipline in expressing ideas that you find in all English universities.

Does this inability to write succinctly retard managers in communication?

I think it does.

Has interest in off-the-job training for managers caught hold in Great Britain?

It is catching hold. You (continued on page 44)

Business leaders view year ahead

What will happen to sales, employment, prices, research spending? Here's what key men expect

BUSINESS CONFIDENCE is bouncing back.

This is shown in replies to a NATION'S BUSINESS survey of top executives in 157 leading companies.

A majority of the businessmen participating in the survey predict that in the next 12 months:

- ▶ Sales will rise, or remain at about present levels.
- ▶ Employment will maintain its present level or pick up slightly.
- ▶ There will be widespread activity in the field of product improvement, new product introduction, and remodeling, repair and expansion of existing productive facilities.
- ▶ Spending for research and development will equal or exceed such spending in the past 12 months.

Three fourths of the executives taking part in the survey are presidents of their companies. The companies represented are in major segments of industrial and commercial activity throughout the country.

Distribution of responses to the 13 quantitative questions in the survey may be found on the opposite page. It will be noted that percentages do not add to 100 in most cases. This results from the fact that some executives did not answer all of the questions in the survey or, as in one instance, selected more than one answer.

Executives who forecast an increase in their sales volume specified increases ranging from two to 35 per cent. Those anticipating a decline estimated the decline at from three to 25 per cent.

Executives expecting an employment increase in their organizations estimated rises of from one to 15 per cent. Decreases were estimated at from one to 20 per cent.

In product or service pricing, estimates of increases varied from one to 10 per cent. Declines were estimated at from three to 10 per cent.

Two additional questions in the survey asked:

What one roadblock, if removed, would be most helpful in expanding your business? And—

What do you think will be your biggest personal problem as a manager in the next 12 months?

Principal roadblocks to expansion:

Taxes (need for revision of tax structure to encourage business investment etc.)

Labor (union monopoly power, the guaranteed annual wage, need for stabilizing labor costs, etc.)

Inflation.

The current decline in business (consumer uncertainty, public fears, the need for revival of consumer confidence).

Government regulation and interference.

Foreign imports and competition.

Commenting on their anticipated greatest personal problems as managers in the year ahead, the survey participants chose a variety of answers.

Cost control was a frequent selection.

Increasing sales, maintaining an aggressive sales program, recruiting, training salesmen were mentioned often.

Other factors cited include: maintaining profit margins, training adequate future management personnel, dealing with unions, reducing layoffs, eliminating complacency in the organization, building incentives for greater productivity, and "getting orders."

Here are some comments chosen from the replies to the NATION'S BUSINESS survey:

Treasurer and controller of a chemical processing company—"We are generally optimistic about future prospects and have not reduced our capital expenditures program or research activities."

Vice president of a sulphur mining company—"Have under way the largest expansion and diversification program in the history of (our) company."

Vice president of an electric storage battery company (citing his greatest anticipated personal problem)—"To weigh national policies as they may relate to our business."

President of a men's apparel company—"Proper debt management . . . could lead to tax revisions, thus creating more spendable dollars for our products."

President of a life insurance company (stipulating his biggest upcoming problem as a manager)—"To attract a large number of new agents."

END

Do you expect sales
in your industry in the
next 12 months to be

46%
better than past 12 mos.

20%
not as good

34%
about the same

Do you expect sales
of your company in the
next 12 months to

39%
increase

11%
decrease

34%
remain about same

Have you reached about
minimum inventory for
your expected sales rate?

49%
yes

34%
no

Do you expect employment
in your company
in the next 12 months to

17%
increase

11%
decrease

67%
remain about same

Will your company
in the coming year
spend to

68% improve existing
products
or services

49% launch new
products
or services

79% remodel,
or expand
existing facilities

What effect will easier
money have on your plans
for the coming 12 months?

87%
no effect

2.5%
reduce outlay amount

8%
increase outlay amount

Would your spending for
capital improvements increase
with favorable revision in

corporate rates?
37%
yes

47%
no

depreciation provisions?
38%
yes

46%
no

excise levies?
15%
yes

60%
no

Will the price
of your products
or services

18%
rise

5%
decline

65%
stay about same

Do you expect your
profit per dollar
of sales to

27%
rise

27%
decline

39%
stay about same

Will your production
labor costs
(not just wage rates)

51%
rise

6%
decline

34%
stay about same

Do you plan to institute
special cost-reduction programs
in the coming year?

78%
yes

16%
no

Will your company
spend for research
and development

36%
more than in past year

6%
less than in past year

51% same

6% doesn't affect us

Do you expect your industry over the next five years to increase its volume by

7%
1-5%

21%
6-10%

23%
11-15%

17%
16-20%

10%
21-30%

17%
31% or more

Because of selective answering the percentages above do not always total 100

4 clues to company success

Study of 20 manufacturers shows
why some succeed and others fail

WHETHER OR NOT it is harder today than in the past for a man with an idea to start a business, the fact is that many businesses are started annually. Some achieve success. Some don't.

A study of 20 small manufacturing firms throws useful light on the reasons for this. The objective was to identify the causes of failure of 10 unsuccessful companies in contrast with the characteristics of 10 successful ones.

Personality and business success may be closely related. Small manufacturing seems frequently to attract men of strong and colorful personalities; and the strength of their personalities may influence, in turn, the firms which attracted them. The mild and unambitious are often eliminated as the law of survival operates.

Some people have urged the government to do something to improve the survival rate. Many have urged easy government loans, presumably on the premise that a perennial need of working capital and an inability to borrow exist concurrently.

Within the small business group itself, especially the manufacturers, are those who feel that one of their most pressing needs is to be let alone. Small businessmen are individualists who enjoy being executives with the prerogative of making their own mistakes, even of going broke if the mistake is bad enough. Although aid might succor many ailing businesses and would save many more from discomfort, it would also interfere with eliminating the unfit.

With a nonrandom sample of 20 cases no generalizations about the whole field could be drawn. Such a

sample is too small to prove anything, but it may suggest much, especially when there is a high degree of consistency in the behavior of the whole group of successful firms contrasted with the whole group of unsuccessful ones.

Aside from the causes of failure and characteristics of success, the study points to a number of prevalent factors. The most interesting is that the unsuccessful companies suffer no shortage of working capital until their financial collapse is critically near. Furthermore, all 20, during the years studied, were able to borrow with relatively little difficulty. Case histories led to the conclusion that shortage of working capital, though present in almost all bankruptcies, is symptomatic of some other inadequacy of management—not the basic cause. Blaming failure on lack of funds is like blaming a patient's illness on the thermometer reading.

Lack of ability to borrow probably has prevented many men from starting businesses; and this may have kept society from profiting from some excellent ideas for new or improved products. Within the scope of this study, lack of borrowing capacity and a consequent inability to obtain capital prevented or at least slowed expansion of several firms. By the plowing back of retained earnings, however, many of the firms accomplished spectacular growth. On the other hand, once a firm is going, all the evidence encountered indicates that it is unlikely to have difficulty getting operating funds to maintain operations on a level basis.

The uniform experience of the 10 unsuccessful companies shows that

any one of a number of factors can lead to trouble, even to bankruptcy and reorganization, but that typically a combination of factors is responsible. For instance, bad records alone could cause a bankruptcy; but few companies let their records deteriorate to this extent and still retain efficient management practices in other respects.

There were four points of especially marked contrast between successful and unsuccessful small firms:

► None of the unsuccessful firms had really good financial records. Nine of them had extremely poor records, so that management lacked navigational aids through the business shoals and mudbanks. All of the 10 successful companies, in contrast, had well informed managements, kept complete records, and made full use of the records that were kept.

► All of the unsuccessful firms regarded selling as a nuisance. On the other hand, all of the successful firms emphasized selling. In nine of them, top executive officers participated in the sales effort.

► Few of the unsuccessful firms paid any recognizable attention to research and product development. On the other hand, nine of the 10 successful ones emphasized the importance of such activities.

► All the unsuccessful companies showed inept internal administration. In the successful group there were no cases of textbook organization, but nevertheless lines of authority were clear and decisions made without fuss.

Poor records

Inadequate or misleading finan-

cial records probably cause more trouble than any other management error. The records of one company consisted of masses of unsorted papers crammed in boxes and stuffed into an old-fashioned safe. This conglomeration plus the checkbook and a journal of bank deposits comprised the record-keeping system.

Bad records prevented several companies from successful bidding on government supply contracts. One company was given an opportunity to bid on more than 75 contracts and failed to bid successfully on a single one. The company did not know its own costs and was unable to make reasonable estimates on which to base a bid.

One company did not know the cost of its own plant, and several did not know the cost of equipment. Other concerns were ignorant of the true value of their inventory and their receivables.

Another company was forced by its bank to install a minimum record-keeping system. The part-time accountant employed quickly discovered that the firm had been shipping products to insolvent customers. Most of the receivables were 90 days old; one account was more than a year delinquent, owed \$4,500, and the buyer was in bankruptcy; yet this manufacturer continued to fill its orders without question.

Today's executive must rely heavily upon statistical and accounting data to formulate policy, establish controls, and guide the activities for which he is responsible. High speed production and far-flung markets re-

quire quick decisions which either are the result of guesswork or founded on reported fact. If the necessary facts are to be available for analysis by a busy man at the right time, the records must be complete, concise, and ready when needed.

Disaster awaits the management which acts without adequate records. On the other hand, confusion besets a management that goes record happy and keeps such minute tabs on everything that it misses the important points buried among the minutiae. Records which are highly elaborate and detailed are likely to be of little use to top management unless they are summarized in intelligible form.

Selling

The successful firms all devoted a major amount of executive time to selling, and paid considerable attention to market research. Senior officers themselves participated in the sales effort. In contrast, all of the unsuccessful regarded selling as a nuisance and sought various ways of avoiding it.

Three unsuccessful firms contracted their whole plant output to single customers to avoid the problems of selling. The pitfall lay not in the making of such contracts but in the extra hazards which surround the operation once the arrangement is made. In each of these cases, the firm was unable to meet the specifications of the contract, either as to time of delivery or as to quality of work, or both. Consequently, the buyer canceled, leaving the firm with no mar-

ket for its product and, in two of the three cases, no alternative product ready to manufacture.

In the third case, the firm had contracted the bulk of its output but had retained a small volume of job machine business on the side. It was able to fall back on this to tide things over until an improved product could be put on the market. About half of the 10 successful companies studied had opportunities to contract their output to one buyer. All refused to do so.

A different sales problem faced one firm which tried to market a large and complicated device, price-tagged at more than \$2,000. The market for this particular item was thin, so it had to be sold on a national basis. Furthermore, it needed frequent repairs which, in turn, developed into a need for a system of dealer representation to stock repair parts and push sales.

This company never broke through the sales volume barrier, although it had an excellent product, and never achieved enough volume to cover fixed costs. A system of dealerships is hard to build, and a small concern should think twice before trying to break into a market which requires this kind of distribution.

Another company stuck too long with one product and then missed the market with another. This concern manufactured wooden ice chests, a business in which many small woodworking companies were engaged in the 1920's. Under absent-

(continued on page 52)

**Disaster awaits
the management
which acts without
adequate records;**



on the other hand,
elaborate and
detailed records
are little use to
management unless
summarized in
intelligible form

BUSINESS IN POLITICS:

the practical side

What some companies are doing to
build a more effective government

MORE BUSINESSMEN in this election year are taking steps they hope will lead to:

- A better business climate.
- Improved management of the government.

In doing this, businessmen are taking greater interest in practical politics.

Although this interest manifests itself in different ways, the single goal is increased participation in, and better understanding of, political action as a necessary corollary to good citizenship.

As individuals, more businessmen are getting into politics themselves, either running for office or helping choose and elect qualified candidates, or both.

As businessmen, many are encouraging their employees to become active in politics and helping to educate them on the need for wider public concern over political matters in a free society.

Business has no intention of trying to match labor's intensive political program, but the business activity is bound to counteract labor's efforts to a degree.

Some progress already has been made in local situations, and more is hoped for in this fall's local, state and congressional elections. Significant gains are looked for in the national election of 1960 and later. This is a long-range program.

Emphasis now is on partisan politics—in the party of one's choice—as distinct from the familiar get-out-the-vote campaigns.

Some reasons: You can't elect good public officials unless the parties put good candidates up for office; you can't expect good laws and good administration unless you elect good officials.

Letter writing, resolutions, educational campaigns and publicity do little good if a majority of those in Congress were elected largely through the support of groups representing opposite interests.

In this situation, as Representative Ralph W. Gwinn of New York told businessmen who asked him to push certain legislation, "We don't have the votes to get it passed."

To overcome this, business is undertaking two kinds of political education programs.

Actually they are closely related. One is external, the other internal.

External activities frequently take the form of community-wide political education programs sponsored by companies or business organizations.

The Effective Citizens Organization conducts practical politics workshops for businessmen on college campuses.

Colleges are considering adult education classes in practical politics at the suggestion of businessmen.

Internal programs are a natural follow-up of the external training. Sometimes the main purpose of the outside seminars is to train leaders to develop political activities inside the company.

Some companies have retained Public Affairs Counsellors, Inc., to conduct applied citizenship programs for their employees.

General Electric Company, besides holding political education seminars in various plants, has just established a government relations service to help its management personnel develop a better understanding of the interrelationship between government and business.

In Syracuse, N. Y., the Manufacturers Association is sponsoring a community-wide program which combines external political seminars with education in the plant.

The Syracuse program is the result of studies the Association made last year. They showed that the major obstacle to a better climate for business in Syracuse was the increasing government-imposed costs of doing business in New York state. These included high corporate and individual income taxes, above average costs of unemployment and workmen's compensation, and the generally unfavorable attitudes of many groups toward business and industry.

Government-imposed costs of doing business, it was found, were more and more nibbling away at management's control over profits and losses.

Business leaders agreed that a political action approach was required.

Last November the Association set up a special Task Force on Practical Politics to recommend a program that would be practical and get down to the grass roots.

It was headed by J. J. Wuerthner, manager of community activities at General Electric's Electronics

New
emphasis:

Park. Mr. Wuerthner later became chairman of the Association's practical politics subcommittee.

A five-phase plan of action was set up.

Phase 1: The Association published a manual of political and government information in readable, digest form, called "A Political Primer for Management."

The primer includes information on local, state and federal governments, political party structures, the operation of political machinery, how laws are passed, ways to influence legislation, practical tips on such things as making speeches and writing letters to legislators, and other useful information.

Also included is a message from Vice President Richard M. Nixon. He tells the businessman to choose the party that comes closest to his political beliefs, then go to work in the party and make his voice heard.

"You achieve nothing by standing on the sidelines wringing your hands and wondering why someone doesn't do something about a problem that directly affects you," he says. "Nowadays almost every problem of government affects you."

Phase 2: The practical politics plan was explained and sold at a dinner attended by chief executive officers of firms employing 80 per cent of the city's industrial workers.

The company heads were asked to send one upper-middle management employe to a two-day seminar three weeks later. The company heads were told that the man did not need to have a political background but should:

Be young, aggressive and imaginative.

Be ticketed for eventual advancement in the company.

Be interested in public and civic affairs.

Be a notch above junior or middle management.

Possess good leadership qualities.

Get along well with people.

Be willing to assume responsibility.

Phase 3: Leaders of both Republican and Democratic parties cooperated in the two-day seminar. Some 45 participants heard a recording of Mr. Nixon's message; reviewed the primer, or manual; heard talks by, and participated in discussions with, political and business leaders.

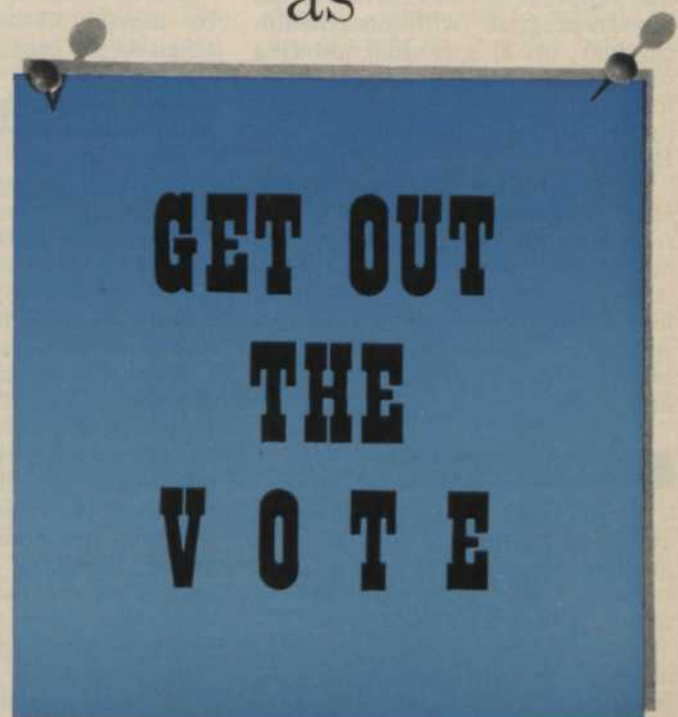
Carl F. B. Roth, president of Aircooled Motors, Inc., and chairman of the board of the Manufacturers Association of Syracuse, told the group that, when you got right down to it, the objective of the non-partisan, practical, political education program is to improve management's ability to manage.

"There isn't a manufacturing plant any place where many of the tough problems crying for solution by management

(continued on page 42)



as
well
as



HOW'S BUSINESS? today's outlook

AGRICULTURE

Acceptance of more farm freedom from government controls is gradually gaining ground on Capitol Hill.

Congressional committees are waging an uphill battle to continue a number of price and production control measures but major legislation seems unlikely.

On the side of fewer controls is the provision in the proposed cotton and feed grain legislation which would permit farmers to choose one of three alternatives: 1, elimination of all production-price regulations and supports, 2, continuation of the present program (with some modifications), or, 3, a gradual lowering of price supports with more freedom to plant, along the lines supported by the Administration and the Farm Bureau.

In this session the most significant congressional action toward freer farm markets has been the law authorizing the Secretary of Agriculture to increase the acreage of long-staple cotton and to lower the support price without regard to the escalator clause in the basic farm law.

CONSTRUCTION

Many observers are becoming increasingly optimistic over the immediate future of the construction industry, both as to increases in money volume and employment.

Housing, commercial, institutional and public buildings appear to be leveling out somewhat, and there seems to be good reason to expect

a continued upward movement in these areas.

The latest figures showed public buildings running 83 per cent ahead of a year ago with hospital contracts up by 53 per cent.

Other encouraging signs found commercial construction 19 per cent ahead of the same month last year, with schools up four per cent and religious buildings 12 per cent.

The big disappointment, of course, still remains the lag in plant and industrial construction, which ran 16 per cent below the same month in 1957.

Public utilities also appeared to be moving rather slowly, down about 48 per cent.

CREDIT & FINANCE

Bank earnings may be squeezed during the coming months as a result of lower interest rates.

Continued softening in interest rates will have some tendency to perk up the housing market. Over-all construction expenditures have been up compared to last year.

Sales of municipal bonds continue at a record pace. May sales included 17 issues of \$100 million or more. This phenomenal volume of municipals should provide a stabilizing influence to the economy as local construction gets under way in months ahead. Yields on five and 10 year maturities are unchanged from the April-May level. Interest rates on new municipal issues have held unusually stable.

In Congress, legislation designed to aid small business financing has

cleared the Senate Banking Committee and similar action is anticipated by the House Banking Committee. The bill would provide for federal loans and grants to state and local development corporations and new small business investment associations.

DISTRIBUTION

Distributive trades generally are close to matching 1957's sales pace, except in wholesaling where sales are trailing year-ago levels by nine per cent.

The service trades have stepped up sales nearly five per cent and the cumulative national total of advertising shows a two per cent improvement.

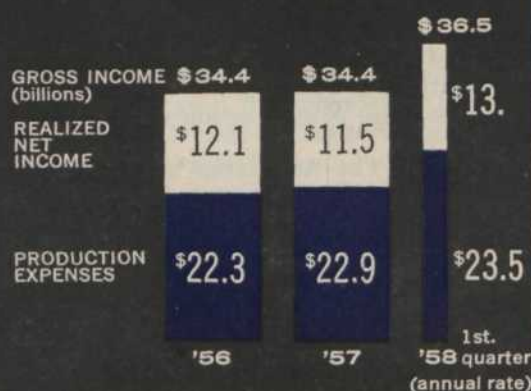
Volume for all retail lines is just slightly (0.4 per cent) less than this time last year.

In specific retail trades, best gains have been tallied by food and drug stores and gasoline service stations. Suffering most are auto dealers and lumber, building and hardware merchants.

In spite of the general business uncertainty, department, specialty, and variety stores look to the rest of the year with firm confidence. A majority believes that sales and profits will improve. Several are going ahead with planned store improvements and physical expansion.

Guarded optimism seems to be based on the fact that personal disposable income is running only a shade under the all-time peak of \$303.3 billions in the third quarter of 1957.

Farm income trend up



Chamber of Commerce of the United States

FOREIGN TRADE

The French political upheaval has caused concern as to the future of the European Common Market, which is set to make its first intra-market tariff reduction of 10 per cent next January.

The fate of the British proposal for a broader organization of European countries within a Free Trade Area is at stake, as is also the matter of United States trading relationships with the ECM countries and the Free Trade Area.

Representatives of the European Common Market countries—Germany, Italy, France, Belgium, the Netherlands and Luxembourg—expect that the ECM will begin on schedule likely with at least token French participation. The other participants are not likely to extend their reciprocal 10 per cent tariff cut to France unless they receive equivalent treatment. France may make the prescribed cut, but also make use of the exceptions of the Rome treaty to bar some imports until her reserve position improves.

GOVERNMENT SPENDING

Both the new fiscal year beginning July 1, and the one just concluded present discouraging pictures.

Just how great the deficit of the past year will be is still being determined. It should be approximately \$4 billion.

This is due both to lower income, especially in individual income taxes, and accelerated spending.

This is a far gloomier picture than in January when the President's budget estimated the deficit would be less than \$500 million.

Prospects for the fiscal year just beginning have worsened. Instead of a \$7 to \$10 billion deficit, as anticipated earlier, it appears to be approaching the \$12 billion range.

Increases in the military budget, a 10 per cent pay rise for postal and classified employees amounting to an annual cost of approximately \$800 million, an increase in military pay costing approximately \$700 million and additional billions contemplated for housing and public works programs are all contributing.

NATURAL RESOURCES

It now appears that the regulation-ridden natural gas industry will

not get relief this year. The Harris-O'Hara bill, which would grant relief to producers by amending the Natural Gas Act, is viewed in Washington as having only a slim chance of passage.

The bill is a compromise measure. It would exempt thousands of independent producers of natural gas from utility-type regulation by the Federal Power Commission, while affording considerable protection to gas consumers.

Even the federal government is seeking surcease. Federal Power Commissioner William R. Connole favors allowing producers to sell without the formality of certificates of convenience and necessity.

The rub is that the FPC has its hands full with thousands of applications for rate increases and franchise certificates. The flood swells as producers and distributors seek relief from increasing costs.

But relief can come only with amendment by Congress of the Natural Gas Act.

LABOR

Courts and administrative agencies are beating Congress to the punch in curbing union excesses.

A series of decisions by the Supreme Court dealing with damage suits against unions and the use of hot-cargo clauses should do much to reduce the imbalance between union power and union responsibility. Two decisions have upheld the right of individual workers to collect damages in a state court for wrongful union conduct.

A third has largely invalidated the union's use of hot cargo clauses as a device to enforce secondary boycotts against neutral employers.

Previously, both the Interstate Commerce Commission and the National Labor Relations Board had ruled hot cargo contracts invalid as they pertain to the operations of common carriers. In addition, the ICC has ruled that common carriers may not be absolved of their duty to offer services on the ground that a strike, picketing or labor disturbance exists.

TAXATION

Congressional sentiment for general tax revision has almost flickered out. Current estimates of a deficit of \$4 billion for fiscal 1958, increas-

ing to \$11.1 billion for 1959, have seriously dampened enthusiasm for all individual and most corporate tax relief.

Senate action in voting overwhelmingly to repeal the three per cent excise tax on rail freight and 10 per cent levy on passenger tickets did breach the no-tax-cut line. Although this action overrode opposition by Senate leaders in both parties, refusal to kill other excises indicates that a tax revolt is still unlikely.

In the area of small business the chances of some tax relief are excellent—most likely along the lines previously proposed by the Administration: extension of rapid depreciation provisions to used equipment, election of small corporations to be taxed as partnerships, ten-year payment of estate taxes by closely held corporations and a liberal loss provision for investments. The proposed limited deduction for reinvestments by small business appears to have little chance.

Still hoped for—a more liberal depreciation policy for all business.

TRANSPORTATION

The government has a number of far-reaching proposals to insure safety in the dawning jet age.

Legislation proposed by Senator Monroney (S. 3880) would create an independent Federal Aviation Agency empowered to regulate the use of air space over the nation by all civil and military aircraft. The proposed agency would take over the responsibilities of the Civil Aeronautics Administration, the newly created Airways Modernization Board, and the safety functions of the Civil Aeronautics Board. It would be headed by a civilian administrator.

The White House has proposed restrictions on military jet operations to keep training and other military flights off the airways or make them subject to CAA control.

The Civil Aeronautics Board has authorized the creation of at least three transcontinental superskyways consisting of 40-mile-wide corridors between 17,000 and 22,000 feet. All flights within the skyways would be under absolute ground control at all times. These measures, plus a government five-year plan to modernize traffic control, should help eliminate the causes of midair collisions.

Businessmen must work at politics to obtain fair political decisions

aren't problems actually outside the plant," he said.

"We're here to acquire an urgently needed management tool," he continued. "Let's make no mistake about it. We have been political babies. We have been preyed upon."

David H. Jaquith, president of Vega Industries, Inc., and chairman of the Association's governmental affairs committee, explained what the Association hoped to accomplish through the practical politics program.

"Our objective," he said, "is to develop a nucleus of management people like yourselves who in turn can be the nucleus of a growing and continuing program. The goal is to bring the business point of view into political discussions at all levels—most particularly at the grass-roots level."

Loaded with resource materials, books and pamphlets, each participant left the seminar with an assignment to start a two-hours-a-week, 11-week program in his own company.

Phase 4: Fourteen 11-week seminars were conducted to accommodate employees of 22 companies employing from a few hundred to as many as 12,000 employees. About 300 employees participated, from production-line supervisor up to vice president.

The in-plant seminars emphasized individual action in politics. Outside assignments for participants included:

- ▶ Writing a personal letter to a congressman.
- ▶ Visiting a local council meeting.
- ▶ Contacting a state legislator.
- ▶ Visiting an election district committeeman in the neighborhood.
- ▶ Breaking down and appraising local tax rates.
- ▶ Ringing 20 doorbells and finding out if the occupants were registered to vote.

Phase 5: This consists of follow-up activity, measuring the effectiveness of the seminars, and is now in progress. Good suggestions from participants for increasing political activity by individuals and for company assistance are sent to top management.

The business community of Syracuse

is going into politics where it really counts—at the grass-roots level, according to Mr. Wuerthner.

"The objective is clear: The Manufacturers Association of Syracuse is making sure that businessmen at all levels know the political facts of life," he says.

"The idea that a businessman can make his campaign contribution, then bury his head in the sand and let the politicians and government leaders pass him by is as outmoded in 1958 as the high stiff collar."

Mr. Wuerthner believes that a practical politics program based on the Syracuse plan can flourish in any community.

"This pattern of political activity requires only a small nucleus of interested management people, plus a real determination to start action where political decisions start, where political candidates are trained, groomed and selected—the political committee level in your neighborhood," he says.

"Nobody's going to do it for you. You've got to think in terms of do-it-yourself. Develop a workable plan, enlist members of the business community, sell top management, get your area political leaders into the act, and emphasize the local impact of politics and government."

"Then systematically train business leaders in the practical political fields where fear and apathy have prevented them from entering before."

"It's a formula that's inexpensive, and can be used by a single company or a group of companies anywhere."

General Electric has shown what a company can do internally to stimulate political activity among its employees. It has held political action seminars, its officers speak out frankly on the importance of political interest on the part of the businessmen, and participation in community affairs is considered to be among the important responsibilities of G. E. managers.

Ralph Cordiner, chairman of the board, has said, "There is a whole new field to be explored in this matter of discovering and organizing the political resources of business. Perhaps in the past the manager has not felt that this was part of his assignment. It is now."

Vice President Lemuel R. Boul-

ware has called politics the businessman's biggest job in 1958.

In a newsletter attempting to spur G. E. management personnel into greater political activity, the company said that the political helplessness of business hurts everybody.

In Syracuse a few weeks ago, G. E. management at a public affairs recognition luncheon honored 15 employees who were either elected or ran for public office last year.

The G. E. Lamp Division surveyed its management employees after political seminars had been held and discovered 75 of them were holding public office or were otherwise active in politics. They included: five councilmen, two presidents of city councils, one mayor, one township supervisor, six members of planning or zoning boards, three members of boards of education, one member of a library board, one deputy sheriff, 30 precinct aides, 25 precinct committeemen.

G. E. established a Government Relations Service a few weeks ago with Hoyt P. Steele, former president of Benjamin Electric Manufacturing Co., as its head.

The service is described as basically a research and planning group designed to help the company and its personnel get a working knowledge of the interaction of government and business so as better to fulfill their responsibilities in public affairs.

Jack S. Parker, vice president in charge of Public and Employee Relations Services, says the new group will be responsible for identifying general governmental trends, developing background information on public issues that affect business, and further developing a general political understanding within the company, as this has become an increasingly essential requirement for all business managers.

"The new unit will explore where and how the company can make greater contributions to the effective working of the democratic governmental process," according to Mr. Parker. "It will also encourage public awareness of the ways in which sound government actions can develop a social and economic climate that permits business to be of maximum service to the American people."

Other companies which have installed applied citizenship programs, besides G. E., include Allen-Bradley Company, Milwaukee, and a New England ice cream company.

Much of this work is being done by Joseph J. Eley, a former newspaperman, and F. Clifton White, former political leader, who organized Public Affairs Counsellors. **END**

The **MONROE President**
the **ADVANCED** accounting machine
that turns time into money



Even if you paid hundreds of dollars more, you couldn't buy an accounting machine more automatic, easier to operate than the advanced Monroe President. Beside the large initial savings, you also enjoy continuous savings through fast, efficient bookkeeping. And you can switch from payroll to receivables to payables with a simple flick of a knob. The Man from Monroe in your area is an accounting methods expert. Seek his advice. Ask him to make a free analysis of your present accounting practices. For big business accounting at a small business price . . .

Monroe Calculating Machine Company, Inc., Orange, New Jersey
Offices for sales and service throughout the world

MONROE
for CALCULATING
ADDING, ACCOUNTING
DATA PROCESSING MACHINES



Colonel Urwick is chairman of directors of Urwick, Orr & Partners, Ltd., the London consulting firm he founded in 1934. He is well known in this country and recently visited here. Among his published works is "Leadership in the Twentieth Century," as assessment of skills which future managers will need

EXECUTIVE TRAINING

continued from page 33

must remember that all this must be tempered with the tremendous time lag where Great Britain is concerned. We change slowly.

The consciousness that management is a teachable subject has come slowly to Great Britain. The most interesting development in Great Britain is the large number of corporations which are trying to start up their own staff colleges for people already in employment.

Would this be comparable to the General Electric Company's Institute?

Not comparable in the quality of the teaching or the size of the investment, but comparable in idea. They are pouring different levels of management people into these colleges for experimental courses.

Could our American businessmen learn from management training in your country?

I think Great Britain could learn a lot from you. I think you could learn something from us in the frank admission that, if you are going to have executive development, you are educating an elite who must have basic intelligence and basic education before you start.

I think you are handicapped here by the Horatio Alger myth and the

idea that everybody's chances can be equal at any stage in life. This is nonsense. If you are going to have an executive group, you have to start developing the majority of them from the age of 20.

I don't mean to say that nobody can come in later, of course. One of the things you have to do to satisfy the democratic dream is to make it clear that people can come in later if they are good enough. But you will have to start training the majority of your people to be officers from about 20 up.

What should that training include?

I wouldn't waste time on more than a first degree for anybody who is going to be a general executive later in life. I would then give him between five and 10 years in business. After that I would give him a sabbatical year to take a second degree. He would learn more and better in that second one year than he learns in two or three years taking a second and third degree before he goes into business.

I would give him a second sabbatical period of six months after he had been in business between 12 and 20 years because the man who is going to the top is suddenly going to find that he has to reorient his mind completely.

It is the same in military life. A general who finds himself commander-in-chief in the field has been educated professionally as a soldier

for 25 years. He suddenly finds himself in a position where only about five per cent of his problems are military problems. The rest are diplomatic, economic, public health, legal, public relations; every kind of problem that has nothing to do with military operations or administration.

Exactly the same thing happens to a man who suddenly becomes president of a great corporation. He has been brought up as a successful business administrator for 20 or 25 years but suddenly most of his professional knowledge is irrelevant. He is the representative of his corporation to the outside world.

If he has any defense work, he has to relate his work to the Washington atmosphere. If he is going to trade overseas, he has to know a good deal about how to go into different countries and settle in. He has to know all sorts of things that he has not learned normally in the course of his development as a professional businessman.

I believe unless you give fellows this pause to reorient themselves intellectually, you are putting an unnecessary strain on them.

Americans generally believe a great new period of economic growth will increase the demand for skilled executives after the present recession. Do you hold a similar view?

I am not an economist but I see no reason why your economy shouldn't go on developing. You will have these minor, quasi recessions but always there will be a surge forward after that, it seems to me.

Will the manager's job then become increasingly professionalized?

Yes. I don't think that the populations of the democracies will stand for anybody except the professional manager in the future.

What kind of executive will be most in demand: the generalist or specialist?

I think the initial demand, the demand on the universities, will be increasingly for the specialist, but I think the demand after about degree-plus-10-years will be increasingly for the generalist.

I think that is the biggest problem in executive development, how to transfer men trained as specialists to general executive work without occasionally transferring a man who should be encouraged to continue in his specialist branch. An outstanding specialist is infinitely more valuable than an outstanding generalist. There are thousands of vice

MOTION-SAVING FEATURES

Paper insertion lever — one pull advances material to preselected, start-typing depth. (Time saving: 27%.)

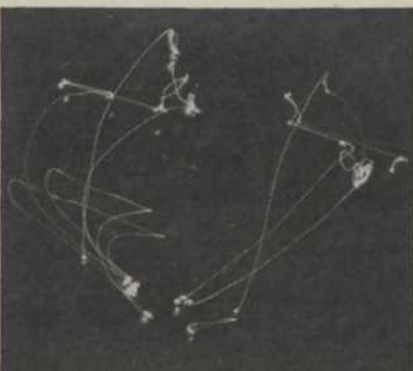
Exclusive transcription pad position — sits on machine over keyboard, always in front, no head-turning.

Instant margin settings from front controls.

Carriage interchangeability for wide sheets — carriages in 12", 13", 15", 18" and 24" sizes interchanged quickly, without tools. (Save 1/3 cost of additional machine).

Platen roller interchangeability — choice of soft, medium, or hard roller surface made quick and easy by snap-out action.

This light test photo shows motions commonly used in typing a letter (inserting the sheet, setting margins, returning carriage at end of line, etc.). Actual typing excluded.



**a new system
that eliminates
81% of waste
typing motion!**



This photo shows the reduced effort (by as much as 81%!) for same steps with the centralized controls of Hermes "Motion-Miser" System.

The savings and the percentages referred to in the text of this presentation have been accurately established and validated in a series of impartial tests conducted by U. S. Testing Company, Inc.

TEST No. 41441 — 4/5/58

Introducing HERMES "Motion-Miser" Typing

4 extra keys for choice of 8 time-saving symbols (special symbols for your business can be ordered). Time saving: 19%.

Key-jam release button — saves dirty hands, washroom time.

Half-line spacing — saves paper on long jobs, makes possible 25% more text on sheet by use of 1 1/2 line spacing instead of double spacing.

Total tab clear lever — clears entire carriage at once (time saving: 28%); separate tab clear key for individual tabs, also.

Special Hermes optional features available at slight extra cost:

Electric carriage return key — returns carriage automatically and advances it to next line (saves 98% of ordinary carriage return effort for typist).

Decimal tabulation — special keys for billing now space off up to 8 different decimal places (saves 43% of usual time).

Dual ribbon installation — instant switchover knob changes from standard spool to carbon ribbon and vice versa.

50% LESS UPKEEP... Hermes machines assure you over-the-years economy as well as initial savings in first cost. Hermes maintenance has consistently been about 50% less than that of conventional models, while use of special materials and advanced designs assures longer life as well.

LOW INITIAL COST... Most Hermes extra features are standard equipment at no extra cost. The few features that are optional are priced very moderately. Model for model, Hermes first cost is less than conventional machines offering fewer features.

Write today for the name of your nearest Hermes franchised dealer.

HERMES

by **PAILLARD** — fine Swiss mechanisms since 1814
—including **BOLEX** motion picture cameras

PAILLARD Incorporated, 100 Sixth Avenue, New York 13, N. Y.

You can't develop executives. You can only help them to develop themselves

presidents but there is only one Whittle [Frank Whittle, inventor of the jet engine]. You may spoil a Whittle by encouraging an engineer or chemist to get over into administrative or executive work.

It has been said that one of the biggest barriers to preservation of economic and political freedom in the developing nations is their lack of a skilled managerial class. Do you share this view?

Yes. I spent two months in India two years ago and I was horrified at, first, the size of their future executive problem; second, the lack of realization that this was their problem.

What should we do about that?

The first action should be to coordinate the efforts you are making to try to help them. You are helping India with many millions of dollars a year now but it is all in disconnected grants. There is no solid plan behind it. The Ford Foundation is spending money in one direction, Rockefeller in another, the government in a third. It's all bits and pieces, as far as I can see.

That accords with the political climate there. They are afraid of dominance by the Western nations and there are all sorts of political and diplomatic reasons for being nice and polite about it, but it isn't good for them. What they need is a 15-year plan, not a five-year plan. It takes 15 years on the average to develop an executive. You can't deal with India's main problem in a five-year plan. India is spending God knows how many millions of rupees on her second five-year plan, on concrete and machinery and whatnot and hardly anything on people, but without the right people all this concrete and machinery will be valueless.

Every automobile I was in in India bore audible witness to the fact that its maintenance was defective. Their idea of a machine is, you drive it until it drops.

The Hindu religion says you must have your milk from your own cow. No family wants more than about half a gallon of milk a day. So they don't care what their cows yield. They have gradually cleaned that up. They have a big farm outside Bombay, for instance, where they

are getting a proper milk yield and are persuading the people to use bought milk instead of milk from their own cow, but India is stiff with little, scrawny cows that yield about half a gallon a day.

The same thing goes over into machines. They don't care as long as the thing will kick over at all. It may be falling to pieces under them.

Part of our technical assistance should be managerial know-how?

Yes, but it must be for longer periods. Sending people out for a year is no good. You have to get a van of people devoted to India just as the old, if I may say so, British-Indian civil servant was devoted to India. But you can only do this on one condition in which India must help you; you must make being devoted to India a worth-while lifetime's career for selected Westerners of the right type.

If you were running a business enterprise in this country, Col. Urwick, what steps would you now be taking in a general way to prepare for the boom which we expect to begin in the 1960's?

I would review everyone under 30 annually to find out if they had any leadership potential which they wanted to use. You can't develop executives. You can only help the executives develop themselves.

What will be the major problems of our business managers in the years immediately ahead?

First, organization. We are still extraordinarily inclined to play down to people's feelings and to twist and turn proper organization patterns to suit passing waves of opinion. We ought really to make up our minds how to organize a lot of these great businesses and persuade people to accept these patterns.

Second, human relations. Relations with labor is a big problem.

In what respect?

We built up enormous business enterprises in the past century. You associate scores of thousands of people together in their capacity as producers. This makes them gang up to protect their interests as producers.

As consumers, they are what has been called "The disordered dust

of individuals." They don't even get into the stores. Their wives do the shopping. The result is that they identify the manager, who in a free economy must protect the interests of the consumer, with the devil. They ignore the fact that the consumer is themselves. There is nothing to make them gang up to protect their interests as consumers. They only protect their interests as producers. We all do it.

Are we perhaps top-heavy with unions?

Top-heavy isn't the right word. The union is an inevitable result of the situation I have been describing. What we have to do is to balance the problem by getting people aware that they have a consumer interest which is just as acute as their producer's interest. It is no good solving the one if they don't solve the other.

One American management authority has said that 90 per cent of the top businessmen's problems are human problems. Would you go along with that?

An underestimate, I think. I should say 95 per cent.

Are we doing enough to attack these human problems?

No. Not at present.

What should we do? Do you feel we should do more in the social sciences?

I think one of the most dangerous tendencies in management thought in this country at the moment is the amount of respect the people are giving to what are called the behavioral sciences, for the simple reason they aren't sciences and they won't be sciences for another two or three centuries in the sense of exact knowledge. I think we could do a great deal more to look back at history, to the enormous human experience that is already available, but has not been presented in terms which help us to solve these management problems.

Political sciences to my mind are a far surer source of knowledge at the moment than sociology or anthropology or any of the others.

You see, your individual psychology, the study of the individual's behavior, the cell of your social group, is at present a very young science. It was a branch of speculative philosophy little more than a half century ago. Reliance on it at this point could mislead business leaders. And until you have an exact individual psychology, a dependable sociology or anthropology cannot develop. For instance, the other day a bright young Ph.D. produced a paper about



G-E 150-WATT
PAR 38



G-E 200-WATT
PAR 46



G-E 300-WATT
PAR 56



G-E 500-WATT
PAR 64

These pictures show how General Electric's 150-, 200-, 300- and 500-watt precision PAR spotlights concentrate the beam, throw it a long way, give you all the light you need, where you want it—simply, conveniently, and at low cost of installation and operation.

General Electric precision PAR Lamps give you extra value by giving up to 5 times the light in the heart of the beam!

There's a General Electric precision PAR Spot or Floodlamp to fit your specific lighting job. Which one you choose will depend on the amount of light you want . . . the distance . . . and the area to be covered. But whichever you select, precision PARS will deliver from $1\frac{3}{4}$ to 5 times as many footcandles in the center of the beam as blown-glass R-type reflector lamps of equal size. You use the precision PARs where you want accurate *control* of light within a sharply defined beam . . . use the blown-glass types where this precision control is unimportant.

HOW DO YOU BENEFIT? This precision beam control means you can give your store or plant new beauty in after-dark impact. You can give merchandise, displays or work

areas a new degree of effectiveness—with these simple lighting tools.

G-E PRECISION PAR LAMPS are built to take rough duty indoors or out. Their sealed-in reflectors never need cleaning because air, dust and moisture are sealed out. Choose from nearly 30 combinations of sizes, beam patterns and colors. For more information, write: General Electric Co., Large Lamp Dept. C-834, Nela Park, Cleveland 12, Ohio.

Progress Is Our Most Important Product

GENERAL  ELECTRIC

The minute you overwork an executive, you dull the keen edge of his interest

the new theory that is emerging in the management of American business. He called it, "The Emergent Theory of Substantive Decentralization." Why "substantive" I don't know. All he was talking about was proper delegation. He wrote a lot of words about it but he never distinguished between policy making, which is best done by a group, and executive management, which is best done by an individual. Now, that distinction is fundamental to American political theory. It should be equally fundamental in American business organizations. But here is a man writing apparently very learned stuff and yet ignoring this fundamental distinction. This renders almost everything he said not only valueless but extremely misleading.

Some authorities have said that newcomers to business are frightened by the toll of tension and death which executive responsibility seems to produce.

The toll is fantastic. The stresses are real. They are excessive, and they can't be exaggerated in my estimation.

What is causing them?

I think nonresponsibility of business leaders for the lives of those they lead. They think only of the corporation, never of the people who are the corporation.

They place too much emphasis on personal competition as a motivating force.

What would be a more rational approach to this?

We should stop the pressure. It's not funny to put too much pressure on men and it's no good saying, "Oh, well, they will profit by it." It isn't true. Men will work harder if you don't put them on the skids to the extent we are doing today, in my judgment.

The executive is keen, interested. The minute you overwork him, you knock the fine edge off that keenness.

How can an organization tell if its over-all training efforts are adequate?

That's difficult to answer because I don't believe there are numerical indices, statistical figures about this sort of thing.

First of all, an organization can

make a simple check to assure itself that it's never in need of a man to fill a position—that it always has up and coming men.

Second, it could make sure that it always has some young men who are problem children because they can't be promoted fast enough. That's a good sign of life in an organization.

Third, you can feel it. It's like the *esprit de corps* of a good regiment. You walk into any industrial establishment and you will feel it in your fingertips, in your heart, quickly that there is movement, life, virility in the organization. It's not just going through the motions of filling in the form and nobody cares much.

I think those are the sort of signs I would look for. You can't put an index on those.

Do you think we are putting too much stress on conformity?

I think there is a tendency in our society in that direction. I don't know your country well enough to have an opinion either way, but I do think the popular phrase, "regular guy," is a dangerous indicator because successful businesses are mostly made successful by irregular guys. I think the executive's worst problem—particularly in big organizations—is to prevent his "regular guys" from murdering his lunatics. You must have some lunatics.

In the East vs. West struggle what should the western world do that it's not doing on the industrial front, the governmental front and so on?

I have three suggestions for industry:

Convince its rank and file that anyone who wants to get on will be helped in the directions in which he needs help. I mean not just help by some system. Help as an individual.

Second, convince labor that they are consumers as well as producers.

Third, shut up talking about profit. It doesn't interest anybody whether you or I or some group of stockholders make a profit. Profit is an extremely valuable social index and an extremely valuable social institution, but it is just plain tactless to go on talking about it to people who are not interested. We should talk about productivity, service to

the consumer. There are all sorts of things you can talk about which do interest people.

We are, however, in business to make a profit.

No. We are not. We are in business to render a service to the consumer. That is why business, as business, exists. Individually we are in business to make a profit.

It's only what you or I want. But it's not what the rest of the world, Society with a capital S wants. What Society wants is more varied and more abundant goods and services at lower prices.

What do you feel are the most important elements of leadership?

I think we want more emphasis on integrity as the quality required in a leader. It can be defined as the thing that makes people trust you.

We put too much emphasis on entrepreneurial drive. Many criminals are grand entrepreneurs.

I think we put too much emphasis on the money incentive. The best men won't work for money. They will only work for a cause. The man who can be bought isn't worth buying. In the war people gave much more than their all because they believed in the long-range objective.

Today we have the same people. Industry can get the same result. I have seen it done here and there. Make people really believe in what they are doing and they will do anything in the world for the nation.

We want, I think, to put more emphasis on the challenge of economic service and on the challenge to make government service really economic. It cuts two ways. Empire building should be treated as a crime punishable by firing whether in business or government. Office politics, intrigue, the grapevine—these are the factors which undermine efficiency because they destroy men's confidence in the integrity of those who are leading them.

In view of the fact that our industrial organizations are so complex do you think there is any danger of a kind of bureaucracy setting in?

Everyone of us has a concealed bureaucrat under his waistcoat. It is a disease which is universal in human nature if it is allowed to develop.

A bureaucrat is simply a man who has lost sight of the objective of the organization and is interested in his own job. Or, if you like, a ticket collector who thinks railways exist, not to carry goods and passengers, but to give him an opportunity to collect
(continued on page 69)

HANDLING UTILITY Unlimited!

by pallet, piece, or bulk!

Rear-mounted fork lifts
two-ton loads to 8, 10½, 16½
or 20-foot heights.



Saddled with a variety of materials handling problems? . . . none of which justify expensive, specialized one-job equipment? Then investigate International® 350 and 330 Utility tractors! Here's the modern, *low-cost* answer to your handling headaches—a single power source which mechanizes dozens of handling jobs in yard and plant.

Leading the field in built-in strength and capacity, International Utility tractors often can do the work of two or more higher-priced, one-job machines. Use them *anywhere*—big-diameter pneumatic tires give full traction on unpaved surfaces!

Your IH dealer will gladly demonstrate an International 350 or 330 Utility tractor with equipment to match your job. Phone today! For catalog, write: International Harvester Co., P. O. Box 7333, Dept. NB-7, Chicago 80, Illinois.



Crane attachment doubles your usage of the fork lift . . . provides low-cost handling power for many kinds of heavy, hard-to-handle pieces. Or, use ½-cu yd material bucket.



Front-mounted loader handles ½-cu yd of heavy materials, ¾-cu yd of coal or other lighter materials. Many other units of job-matched

SEE YOUR
**INTERNATIONAL
HARVESTER** DEALER

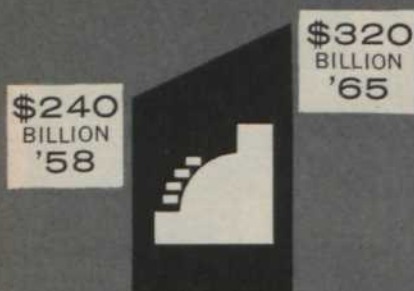
International Harvester Products pay for themselves in use
—Farm Tractors and Equipment . . . Twine . . . Commercial
Wheel Tractors . . . Motor Trucks . . . Construction Equipment

EXPANDING MARKET:

The biggest spenders

Percentage of persons 25 to 64 will drop but they will continue as backbone of economy

25-64 age group will spend about 82% of 1965 total



Numbers will grow from 82.5 to 85 million but will decline as per cent of population



AMERICANS AGED 25-64 are only 47 per cent of total population, but they make up 80 per cent of our labor force and head 72 per cent of the spending units. These spending units account for about 85 per cent of all consumer spending.

The United States now has 50 million spending units, consisting of individuals or families who pool their money for purchases. Persons aged 25-64 now head 36 million of these spending units, and their number is expected to reach 40 million in 1965, and 46 million in 1975.

Spending units headed by persons aged 25-64 will account for about \$240 billion of this year's \$285 billion consumer expenditures. By 1965 the 25-64 age group should lay out about \$320 billion of the \$390 billion consumers are expected to spend in that year.

Numbering 82.5 million now, the 25-64 year olds will grow to 85 million in 1965, and 96 million in 1975. Due primarily to the low birth rate of the 1930's and early 1940's, this group will form a steadily decreasing per cent of total population. Now making up about 47 per cent of present population, they will drop to 44 per cent in 1965, and 42 per cent in 1975. Total population will rise 31 per cent by 1975, while the 25-64 year olds will increase only 17 per cent.

Married persons are predominant in this age group. Among the men 85 per cent are married, two per cent widowed, two per cent divorced, and 11 per cent single. Among the women 81 per cent are married, eight per cent widowed, three per cent divorced, and eight per cent single. The proportion of widows increases steadily, from one per cent of the women 25-34, to three per cent of those 35-44, 11 per cent of those 45-54, and 25 per cent of those 55-64.

Employment

Persons aged 25-64 form the bulk of our labor force, making up 82 per cent of the employed men, and 77 per cent of the employed women. Labor force participation is high, with over 95 per cent of the men aged 25-54 working or looking for work, and 88 per cent of those aged 55-64. Among the women, the percentage working or looking for work rises from 36 per cent for those aged 25-34, to 43 per cent for those 35-44, and 47 per cent for those 45-54, but drops to 35 per cent for those 55-64.

Unemployment is relatively low for this group. In May 1958 the per cent of persons 25-64 out of work was less than half the percentage for those under age 25.

Eighty-six per cent of the men aged 25-64 are employed, 6.5 per cent are unemployed, 2.5 per cent are in the armed forces, and five per cent are in school, unable to work, or voluntarily idle.

Among the women, 37.5 per cent are employed, 2.5 per cent unemployed, 59 per cent keeping house, and one per cent in school, unable to work, or voluntarily outside the labor force for other reasons.

Income

Higher than average incomes characterize this age group. The 1956 median income, before taxes, was \$4,900 for spending units headed by persons aged 25-64, compared with \$4,250 for all spending units, according to data of the Federal Reserve Board.

The median income for spending units headed by persons aged 35-54 was \$5,400, but dropped to \$4,100 for those 55-64. This reflects both an increasing per cent of retired persons and widows, and also that the income of younger spending units often includes earnings of both hus-

band and wife, and sometimes that of unmarried children.

Assets and debt

The amount of financial assets varies widely within this age group. About one fifth of the spending units headed by persons aged 25-64 have no financial assets, and this proportion remains relatively constant for all ages.

However, the proportion with assets of \$1 to \$499 decreases steadily with age, being 41 per cent for the 25-34 group, and only 19 per cent for the 55-64 age group. The proportion with assets of \$10,000 and over per spending unit is one per cent for those headed by persons aged 25-34, and reaches 13 per cent for those 55-64.

The proportion of spending units having corporate stock, U. S. savings bonds, and savings accounts increases steadily with age. However, the proportion owning life insurance policies decreases with age, being 88 per cent for spending units headed by persons aged 25-34, and dropping to 81 per cent for those 55-64.

This is largely a home-owner group, with 61 per cent of the families aged 25-64 owning their homes. The proportion rises from 40 per cent for those 25-34, to 74 per cent for those aged 55-64.

Thirty-eight per cent of this group have no personal debt. The proportion without debt rises as age increases, being 24 per cent for those aged 25-34, and 59 per cent for those 55-64.

Half the persons aged 25-64 use installment credit, with the proportion decreasing from 65 per cent among those aged 25-34, to 30 per cent among those aged 55-64.

Expenditures

Age of family head greatly affects the allocation of consumer spending, according to data of the Bureau of Labor Statistics—University of Pennsylvania study of consumer expenditures.

The proportion of consumer spending used for food is highest among older families, while the proportion for tobacco is highest among younger families. Allocation to clothing is highest among families with fathers aged 35-54 years, when there are most likely to be clothes-conscious teen agers in the family.

Housing expenditures take the largest proportion when the family head is under 35 or over 55, while house furnishings and equipment take the largest portion when father is under 45.

Automobile expenditures are high within the 25-64 age group, as 79 per

cent of the spending units own automobiles. Sixty-seven per cent have one car, and 12 per cent have two or more cars. A Federal Reserve Board study reports 30 per cent of the spending units headed by persons aged 25-34 purchased automobiles in 1956, and 20 per cent of those aged 55-64 did so. The proportion buying new cars was about 11 per cent for all age groups, but those buying used cars was 19 per cent for the 25-34 age group, and dropped to nine per cent for the 55-64 age group.

Automobile expenditures are highest for younger families, while rail, air, bus and other purchased transportation is highest for older families.

Group medical care, and medical and hospitalization insurance plans, take a larger proportion of spending in younger families, while direct payments for medical services take a large proportion of spending in older families.

Toilet articles and preparations take a larger portion of spending among younger families, while barbershop, beauty parlor, and other personal care services take a larger proportion among the older families.

Recreation expenditures are highest for younger families; magazines, and books highest for families headed by persons over 55; while education expenditures are highest for families headed by persons aged 45-54.

Mobility

Each year 18 per cent of the population aged 25-64 move to a different house.

Fifteen per cent of the movers go to a different state, one fifth to a different county within the same state, and nearly two thirds to a different house within the same county.

The proportion of families moving decreases steadily with age, being 32 per cent movers among those 25-29 years old, 26 per cent among those 30-34, 17 per cent among those 35-44, and only 12 per cent among those 45-64.

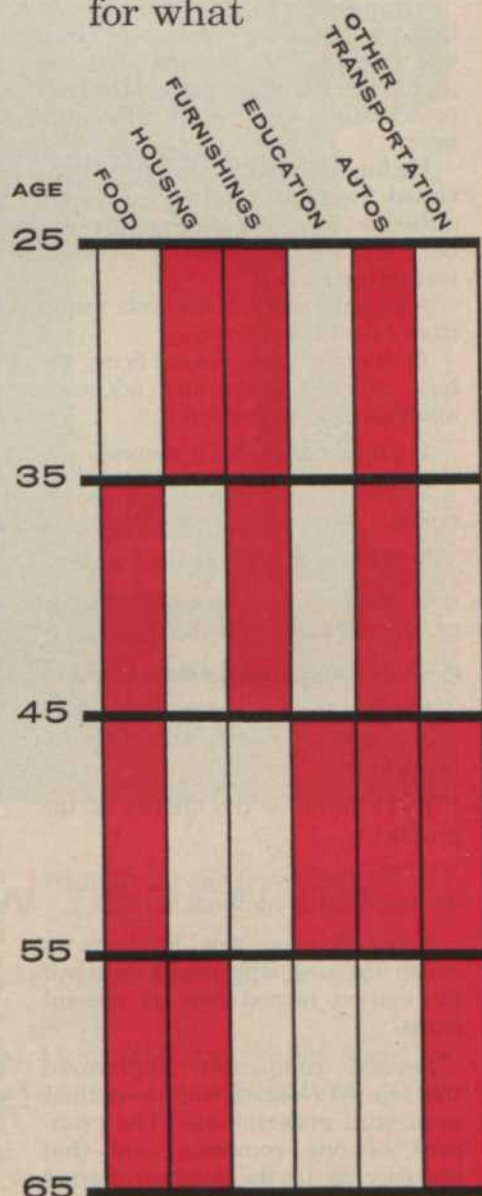
Geographic distribution

The 25-64 year olds make up 47 per cent of the total population, but the proportion varies substantially among the states. In the District of Columbia they form 54 per cent of total population, in New Jersey and New York 51 per cent, and in Connecticut, Illinois, Pennsylvania and Rhode Island 50 per cent.

At the other extreme, their proportion of the New Mexico and South Carolina population is only 42 per cent.

END

Which age groups spend most for what



Study of failure and success shows why adequate research and proper internal administration are strengths you need

tee management, it kept on making wooden ice chests while competitors first turned to steel chests and then to mechanical refrigeration.

The owner could not be persuaded that the day of the wooden ice chest was passing, but insisted that the preference for other methods of food preservation was merely a passing fancy.

He finally faced the facts, but converted the plant to steel ice chests, although steel chests had already been rendered obsolete by mechanical refrigeration.

Adequate market research would have saved this company.

Among the unsuccessful firms, the lack of sales data and adequate analysis of accounts led to:

1. Ill-advised sales personnel.
2. Poor control over the use of credit.
3. Efforts to sell the unsalable.
4. No measurement of profitable vs. unprofitable sales territories.

Research and product development

Eight of the successful firms maintain product research with these intentions:

1. To improve the quality of the product.
2. To reduce costs or improve manufacturing methods.
3. To develop new products to which the company could switch if the market turned sour on present items.

Several companies emphasized that market research was one of their most vital undertakings. The president of one company said that his success in the postwar period stemmed from good product research which permitted the company to get a kitchen unit on the market before most of its competitors. Several other firms stressed the fact that they were able to convert from an unprofitable product to a profitable one as a result of product research continuously carried out.

The amount of time and attention devoted to research and product development was another point of marked contrast between the unsuccessful and the successful companies.

Market research started with the company's own records. Each of the successful concerns maintained careful records indicating which salesmen or distributors were selling what to whom and how the customer liked it, an excellent way of foreseeing a shift in the market.

Furthermore, most of the successful companies attributed their growth to successful product development and constant improvement. They further emphasized the importance of having alternative products on the drawing boards or in prototype production for use in case of emergencies.

One of the successful companies maintained an affiliate devoted purely to market and product research.

These companies emphasized the importance of the ability of a small manufacturer to shift products quickly in a sluggish market. This permitted high profits when a new or improved product was introduced. Some officials regarded their companies partly as innovators of new products and felt that small concerns generally would take a larger risk in such promotions than would large ones.

Poor internal administration

Bad internal administration was the undoing of several companies. Several were the victims of one-man management. One firm grew to a value of \$200,000—from \$1,000 of borrowed money, an idea, and a few tools in a cellar. Ill health forced the owner to sell. This was a one-man concern and the new owners were unable to operate it. They lost their cash investment of \$100,000 and the seller lost his mortgage for the balance.

The president of another concern was a man of small stature and large peculiarities.

He was so secretive that he kept five-figure sums of company money out of the bank in order to hoodwink one of his key directors who was also the bank president.

In another firm two partners nursed a chronic squabble for five years. One partner sold out but the purchaser took up the fight where it had been left off. There were indications that these partners spent more time trying to steal from each other,

or prevent being stolen from, than in running the business.

There were also two cases in which new managements took over and quickly ruined established manufacturing concerns. In each case, the buyers were interested in the investment opportunities but did not understand the business.

Much has been written about the need for all-round management ability rather than technical knowledge. Management ability is certainly needed but it must be added to, not substituted for, a knowledge of the business. In each of these firms, the operation called for considerable technical knowledge. Both firms made a close tolerance item, the rejection rate soared, and trouble followed quickly.

Most significant, aside from the contrast between success and failure, the whole study emphasized the tremendous burden borne by the owner-manager of a small manufacturing business and the great opportunities open to him.

He must be a good salesman, a good technician, and a good organizer; he must make provision for management succession, deal successfully with labor, and avoid entanglements in the tax maze.

In other words, he must be competent in a half dozen fields. Although no one man can ever become a specialist in all fields, the successful executive of a small manufacturing company develops a rounded experience seldom possible to a man in the junior management of a large corporation.

This wide exposure provides exceptional opportunities for growth to young men in small business. Security and fringe benefits, in the cases studied, were generally less than in a junior job in a large corporation, but the educational advantages were vastly superior, and the challenge much greater. On the debit side, a family corporation often destined the top job and sometimes several top jobs, for sons and other relatives so that outsiders had a definite ceiling on advancement.

On reaching such a ceiling, few good men have trouble relocating and some move into excellent jobs in large corporations.

Finally, all the cases indicated that successful small manufacturing businesses are dominated by men of strong and independent personality. Such men must have the courage to take risks, the strength to lead others, and the capacity to induce confidence in those led. They must have the initiative, when necessary, to take unconventional action.

—DR. T. G. ALEXANDER
University of Pittsburgh



'MIGHTY MACK' TIES MICHIGAN TOGETHER

INA helped underwrite the huge risk of loss in building the great Michigan bridge

Michigan's upper and lower peninsulas are now linked by the world's longest suspension bridge. Motorists who slowly ferried the wild straits now roll across in smooth minutes.

The building of 'Mighty Mack' was an exciting but dangerous adventure. Month by month for three and one half years, men and materials, hundreds of feet above the straits, inched forward above ice floes, over a 'bottomless' glacial gorge, through high winds to tie Michigan firmly together. Sharing in this drama was the Insurance Company of North America. INA has the largest participation of any company underwriting the physical damage. It also furnishes

blanket liability and fidelity protection. 'Mighty Mack' was a challenge to men—to the men who built her, to the men of INA.

Whether your business is large or small, you can get INA's 'extra value' in protection and service. It is broad enough for a vast enterprise and flexible enough to be tailored to a single small operation. Ask your INA agent or your broker about it.

Insurance Company of North America • Indemnity Insurance Company of North America • Philadelphia Fire & Marine Insurance Company • Life Insurance Company of North America • Philadelphia

INSURANCE BY NORTH AMERICA



A Nation's Business interview with Dr. Solomon Fabricant,
Director of Research, National Bureau of Economic Research

WHAT UPTURN SIGNALS SAY NOW

Better use of economic indicators is possible. Specialist tells how



Dr. Fabricant has had a leading role in developing and improving the reliability of economic indicators and analysis. The Bureau, an independent research institution which conducts studies of economic trends and activities, is in New York City

DR. FABRICANT, is there a sound basis for upturn talk at this time?

There is some, just as a drop in the temperature of a sick man is encouraging. By itself it is not conclusive, of course. The signals of business revival that are noticeable at this moment are still relatively few. They must be carefully interpreted, with full awareness of the limitations on their validity and accuracy; and the evidence against an optimistic view should not be overlooked or dismissed.

The rate of decline of such things as production is not as great now as it was in the past; does this have any forecasting value?

Yes. When the rate of decline in output slows down, experience suggests that the odds are a little better than before that the end of the recession is approaching. Retardation of rate of decline is a favorable sign.

Why do you talk in terms of odds?

Because there are uncertainties in any forecast. Nobody knows enough to be positive. Retarded rate of decline in output is a favorable sign. But it is not a sure sign. Nor is it even a necessary one. I recall a few revivals that were not preceded by noticeable retardation.

What are the signs that will signal the end of the contraction?

When industrial output, sales, employment, profits and the like are pretty generally moving up, and unemployment is declining. When these movements are clearly visible, we will be past the low point of the business cycle. Confirmation of this fact, if it is a fact, will appear in the revival of inventories, outstanding consumer installment credit, interest rates on bank loans, and other items that typically lag the turn in general business.

Will revival be a drawn out process taking a fair amount of time?

Yes. The process of revival might be said to begin during the latter stages of contraction, when the indicators that typically lead begin to turn up. It includes the low point in general business around which indexes of aggregate business activity such as output, employment and so on, stop falling and begin to rise. It continues into the early stages of expansion with the rise of the lagging series and the widening of the recovery.

What should businessmen watch for?

A number of things need to be watched. Look for the end of liquidation and for the revival of confidence. I think these are the keys to expenditures by businessmen and consumers. These expenditures in

turn determine the direction of business.

How to get objective evidence of these intangible matters is a difficult question, of course. One sign that liquidation is ending would be decline in the liabilities of business failures. During the first two thirds or so of a business contraction, business failures are growing. When the liquidation begins to slow down it contributes to the revival of confidence and is therefore a sign of prospective revival.

Another sign that confidence is being stimulated appears in the stock market. If the prices of stocks stop falling, and an upward movement begins and persists, we have some evidence that confidence is being revived.

Much the same kind of phenomenon will occur in the market for basic raw materials. Agricultural prices are influenced these days by special factors, but the prices of other commodities such as rubber and copper do reflect confidence in the future. One of the signs that a business contraction is ending is the fact that these basic prices begin to move up.

There are still other signs that confidence is being revived. People in increasing number will begin to sign contracts for the construction of homes and the construction of plants. Orders for capital equipment begin to move up—a clear sign that people are beginning to feel that the time is ripe for carrying out some of the plans they have for investment.

Another sign would be an increase in the hours of work. Here and there, contraction in output will end, and firms will find that the sensible thing is to bring hours of work up to more normal levels. They will tend to do this even before they expand employment by any appreciable amount.

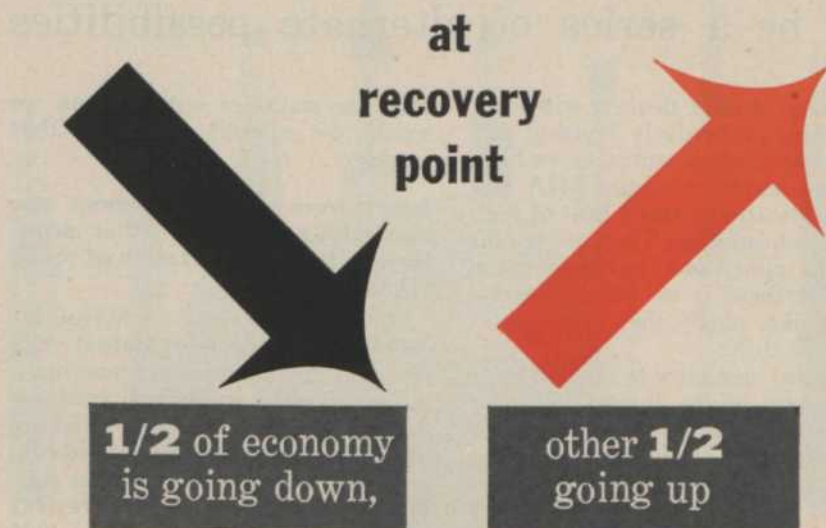
No one of these is an infallible sign, but each provides a clue to the prospects ahead. I don't want to make this sound easy. It isn't.

When can an end to recession—the the point of revival—be identified with real confidence?

Limitations on our knowledge and statistics are such that I'd say anyone who can spot a turn in general business shortly after it has occurred is smart or lucky—or both.

What are the difficulties in reading the statistical indicators?

Problems arise in allowing for seasonal changes, random fluctuations, inaccuracies in the data, and



Watch both for a balanced view

delays in getting information. In the spring, for example, it is normal for employment to rise. Between May and June, employment normally rises almost two per cent. The employment index must be adjusted for that seasonal rise before we can decide whether the recession in employment is going on or not. If we ignore seasonal changes, we may be more optimistic than we ought to be, or—when the seasonal movement is downward—more pessimistic.

It isn't easy to measure these seasonal changes. There are irregularities of all sorts. For example, it generally gets warmer in the spring, but not always at the same rate from one year to another. In addition, Easter sometimes shifts from one month to another, and it is not easy to make adjustments for that.

Some businessmen allow for seasonal changes by comparing, let's say, July of this year with July of last year. This is inefficient and frequently misleading if it ignores what has happened between those two Julys. July of this year can be better than last July; yet things can be getting worse if there was a hump between the two Julys.

I ought to add that this rather inadequate method is used because the proper elimination of normal seasonal movements is complicated. It used to be expensive, also, but

the electronic calculator has revolutionized the statistical procedure and cut costs drastically.

What about other irregular changes in our economic life?

All kinds of wiggles appear in the statistical indicators apart from irregularities in the seasonal. This means that the change from one month to another may reflect merely a random movement rather than a new trend. The random movements are especially prominent in the leading indicators, such as building contracts, new orders for equipment, and business failures.

And errors in the statistics?

Still another difficulty is the fact that the statistical data are not as accurate as might be. Many of them involve rather crude estimates. A change of one or two per cent from one month to another may reflect an error in the estimate rather than a real change in that economic process.

Anyone who closely watches the revisions in the statistics knows how troublesome inaccuracies in the estimates can be in assessing current business conditions. Even if a statistic is never revised, it doesn't mean that it is perfectly accurate.

Furthermore, we frequently have conflicting reports about the same phenomenon. For example, we have

Businessmen need to consider the future to be a series of alternate possibilities

a variety of data dealing with construction, particularly housing. We have construction contracts; we have housing starts; we have FHA and VA applications, and a host of such bits of information. They are not all entirely consistent, partly because none of them is as reliable as we would like; partly they don't mean the same thing.

It's also necessary to take account of changes in the importance of a particular industry or index. For example, our freight-car loading series is much less important than it used to be simply because other means of transporting goods have increased in relative importance. You would get a much too pessimistic view of what has happened to the economy at large—not to the railroads—in the past year and a half if you were to look at car loadings alone.

How up to date are the statistics?

Some statistics are available promptly. The index of prices on the stock exchange is an example. But most are not. Still other difficulties, therefore, arise because our data are late. There is a lag in collecting the statistics, in processing them, in checking them, and in getting them out to the public.

The use of electronic computers is helping to reduce the time lag. However, the time lag can be reduced still more than it has been, and steps ought to be taken to get the statistics out faster.

What steps?

One way would be to put a little more money into the business of get-

ting the statistics out. I think we would get a good return on that money.

Apart from questions about the statistics, are there other problems in the interpretation of these signals?

Yes. The process of revival involves a more or less gradual shift from a preponderance of forces making for decline in general business to a preponderance of forces making for rise. The evidence around the point of revival therefore looks conflicting. Indeed, the point of revival is precisely that point at which half of the economy, so to speak, is going down, and the other half is going up. If you are looking at the half that is going down, you see only signs of continuing recession. If you look at the half that is going up, you see quite a different picture.

You have to look at both to get anything like a balanced view. Since our statistics are not fully adequate, you have to do a lot of guessing about the gaps in our information and thus about the relative importance of the two sets of forces.

Can't you get a reasonably comprehensive view of the trend of business conditions from a few selected indicators?

No. There is no easy way out, no simple key to the future. A man's temperature will usually—not always—tell you whether he's sick. But it won't tell you what he's sick of, or provide conclusive evidence as to whether he's going to get better or when. For this reason no doctor relies on a single test or symp-

tom. A battery of tests is used. The same goes for the state of the economy's health.

You have to look at all the information you can get hold of, and check one thing against another.

What does all this add up to in terms of what business ought to keep in mind when trying to estimate the future?

Businessmen ought always to try to think of the future as having several alternative possibilities, not just one. Their problem—and the problem of everyone of us—is to get some sense of the probabilities or odds to be attached to each of these possibilities.

Businessmen need also to follow conditions from one day to another as these conditions develop, and adjust the probabilities or odds. It's a mistake to assume that a businessman can make his plans at budget time, and then stick with them. He has to keep adjusting his plans as he acquires information.

Further, a strong effort should be made to avoid being influenced by prevailing opinion. This isn't easy to do. When people are generally in an optimistic mood, it's natural to interpret every sign in the most favorable way and add up the evidence to give an apparently objective view of the future that confirms the prevailing bias. The same evidence can be and usually is read quite differently when moods are pessimistic.

Let me illustrate. If you lean to believing the recession is about over, you might interpret a continued rise in one of the indicators, such as liabilities of business failures, as exceptional; and a sharp decline in commercial and industrial building contracts as an erratic movement. If you're pessimistic, you would read these quite differently; and you might say, to add another item, that the decline in average weekly hours of work has been interrupted but not ended.

Another consideration that ought to be present in the businessman's mind is that his own business depends not only on what happens to business at large, but to the conditions peculiar to his own market, his own situation, his own efforts. An enterprising man creates his opportunities. Even in the worst of times the business of some firms is improving, and opportunities are opening up.

Finally, every businessman trying to get some idea of the drift of business conditions must look not only at developments in the private economy, but also at what government is doing or may do.



Government today is a far more important factor in economic conditions than in earlier generations. In part, this is simply because of the growth of government. But, apart from its size, developments in governmental institutions and policies make government an important factor in the situation.

This means, in a way, that every businessman must guess what government will do—by guessing what government will guess. Obviously, also, political considerations affect governmental actions and weight must be given to these.

Government can have an enormous impact. Whether this will always be the kind of impact that is desirable is, of course, another question.

Is there any basis for making some guess about the severity of a business contraction before we have actually experienced that severity?

Comparisons are being made of the present contraction with developments during the several stages of earlier business contractions. The idea is to see whether there are any systematic differences between contractions that eventually turn out to be severe and those that eventually turn out to be mild.

The experiment is rather promising. Dr. Geoffrey Moore, who has been conducting the study at the National Bureau, has found that, during the first few months of a business contraction, it is difficult to determine—from the behavior of the various business indexes—whether the contraction will be mild or severe. About three or four months after the peak, however, he found that the leading indicators—for example, orders and building contracts, hours and stock prices—were at lower levels, with relation to the peak, in a severe contraction than in a mild contraction.

Similar information is provided by such indicators as production and employment, except that here the distinction between mild and severe contractions does not begin to appear until five or six months after the peak. We have, therefore, a suggestion that fairly early in a contraction one can begin to get some basis for estimating whether it will turn out to be mild or severe.

I should add that the study suggested some months ago and suggests now that the present contraction is moderately severe—not one of the severe business contractions, nor one of the very mild ones.

It remains to be seen whether the suggestions to which this experiment leads will be confirmed by experi-

Write with anything —Verifax copies it!



A VERIFAX COPIER REPRODUCES PEN, PENCIL AND CRAYON WRITING AS EASILY AS TYPED DATA

BEING ABLE to copy *everything* on every document is more than a convenience. Often, it's a downright necessity! What good is a copy of a contract which lacks the signatures? Or a copy of an accounting report which leaves out the figures?

A Kodak Verifax Copier handles all the so-called toughies in stride—even those purplish spirit duplicator

copies. Gives you 5 dry and complete copies in 1 minute for just 2½¢ each.

Something else that's mighty important in business: Your Verifax copies will last a lifetime—won't fade or darken. And they're a snap to file, write on, put in binders... are not tissue-thin or glossy... feel like the letters and reports you handle every day.

Biggest surprise of all is the low cost of a Verifax Copier. You can buy one—the Bantam—for just \$99.50—about *half the cost* of other "low-cost" copiers. Mail coupon. Or check "Yellow Pages" of phone book under "duplicating" or "photocopying" machines for nearest Verifax Dealer.

Price quoted is manufacturer's suggested price and subject to change without notice

**New!
Verifax Bantam
Copier
\$99.50**



Light, capable, a pleasure to use.
Buy them for every department—speed communications inside your company and out!

Verifax Copying

**DOES MORE... COSTS LESS...
MISSES NOTHING**

..... **MAIL COUPON TODAY**

EASTMAN KODAK COMPANY, Business Photo Methods Division
343 State Street, Rochester 4, N. Y.

Gentlemen: Please send free copy of your new booklet,
"Versatile Time-Saver for Busy Offices."

56-7

Name _____ Position _____

Company _____

Street _____

City _____ State _____



Kodak
TRADE MARK

Indicators point to a rise, but coming months will reveal strength of revival

ence and may be used with some confidence.

What about the causes of business contractions and the help this knowledge gives in forecasting?

Scientific study of business cycles is still in an early stage. As yet, we know too little of the causes of business cycles in general and of severe business depressions in particular to be able to get much help from analysis of the causes.

Some promising work is going on which will, I think, advance knowledge of the causes of severe business contractions. But no easy or quick solution should be expected. The problem is most complex.

When did this recession start?

If you want to put it in terms of a single month, I would say that the recession started in July. August is a possible date, but the evidence points rather more strongly to July.

Where are we in the cycle; what stage have we reached?

Business activity is indicated by production, employment, profits and the like. Virtually all of these indexes have been falling since mid-summer of 1957—at least through April. It is noteworthy, however, that retail sales were better in April than in February and March. At this moment figures for May are only just beginning to appear. The May figure for employment seems to be a bit higher than April; and unemployment in May was a little lower. Anyone who judges from all the available evidence will conclude, I think, that we are still in the declining stage of the cycle—or at least were in April—but will feel less pessimistic than he might have a month or two ago.

In the past couple of months there have been some signs of prospective improvement. A few of our leading indicators, such as stock prices, residential construction and hours of work, have been lifting their heads. Some of our indexes of current business conditions have been falling rather less rapidly than earlier, and some have even risen. These are favorable signs, and if the end of the contraction were in fact in the making, it would become visible first of all in these relatively few and therefore uncertain signs.

I ought to stress, however, that I would be more confident that the turn was in sight if the stock market, for example, were rising vigorously and persistently. I would be happier if other indicators of business confidence joined stock prices in ceasing to fall and begin to rise.

Which of the leading indicators have not yet begun to rise?

As of April, there was no significant indication of business revival in liabilities of business failures, in orders for durable goods, in contracts for commercial and industrial building, or in business incorpora-



"A few of our leading indicators . . . have been lifting their heads"

tions. Liabilities of failures, for example, continue to move up—the last figure is at its highest level in many years. Orders for durable goods are not falling as rapidly as they were, but they have not yet, I judge, begun to rise.

Assuming the revival is in process, when will we be sure of it?

There is a sort of a normal gestation period involved here which takes time. It is not impossible for employment, production, profits, etc., to move up almost simultaneously with a revival in contracts, orders, stock prices and so on, but this has not been usual in the past.

If a revival is actually in process, we have seen only the first signs of it in the figures for April and May. These will be followed by a strengthening of the favorable signs before recovery actually takes place in business at large. Allowing for normal lags in the response of the economy, and the lags in our statistics, we won't really be sure that the turn has actually come until some months have passed.

Let me put this more specifically, though still hypothetically. If the low point in business came in May—a possibility that is not entirely out of the picture, though it is not strongly supported by the available statistics—it would be exceptional if it were crystal clear before about August at the earliest.

If to the few signs of prospective revival that can be seen in the figures for April or May were to be added other signs as more May—and then the June and July—figures appear, and the low point should come, say, in July, this would not normally be clear until about October.

Let's not fool ourselves about our ability to assess the trend of current business conditions.

Durables have declined more than nondurables, and services have not declined at all. How does this fit into the current contraction?

This is a fairly normal experience during business contractions. It is characteristic of a contraction that investment-type goods—plant and equipment, housing, automobiles, and other durables—should fall more than the perishable goods and services. I see nothing surprising in this.

One measure of the severity of the contraction could be whether services turn down, and how much?

Yes. If the contraction persists, one of the consequences would be that the industries producing services and other nondurables would begin to suffer both in terms of volume and price.

The downturn seems to be rather spotty. It seems that some places have not even noticed the recession. Is this unusual?

This also is customary. It would have to be a rather long and severe contraction before one began to see obvious signs of trouble all over the country.

Over the long period ahead—10 or 15 years—what sort of economic progress do you see?

The economic progress of the United States stems out of the nat-

ure of our economy and the kind of people we have.

Our people are enterprising and live in a country that gives scope to their enterprise. They are looking for ways to improve themselves. This is true not only of businessmen, but also of individual workers, investors and consumers as well. These people seek out opportunities for new businesses, new products, new methods, new jobs, better locations. The mobility of our people is a sign of that enterprise.

As long as we have enterprise of this sort, as long as we have investment in plant and equipment and education, and the other things that make for improved capacity and productivity; as long as we have a system in which obstacles to enterprise are minimized, we are going to have economic progress.

Would you say much progress has been made in analyzing business conditions?

I have stressed the limitations of our knowledge because it seems desirable to do so at this time. But we are in a much better position today to assess current business conditions than we were a generation ago. We have better statistics. We have accumulated some solid information.

We have made progress in analyzing the sequence of events during business cycles. We are improving, and see the way to further improving, our understanding of the nature of business cycles and of the causes of severe business depressions. There are real possibilities for improving our economic intelligence.

If the American people were to put into basic economic research and the improvement of economic statistics even a fraction of the resources that now go into research and development in the physical sciences and technology, I think we would get a good pay off.

How can business speed revival?

I think the main thing that business can do is to prevent long-run expectations from being unduly affected by the short-term situation.

Businessmen ought to look ahead to the long-term prospect. They must give attention to short-term business conditions, of course, but they should not be unduly influenced by them. And they must always remember that in some degree business is what they make it. **END**

REPRINTS of "What Upturn Signals Say Now" may be obtained for 15¢ a copy or \$10.15 per 100 post-paid from Nation's Business, 1615 H St. N.W., Washington 6, D.C. Please enclose remittance with order.



"WE SAVED 10% WITH AN ARMCO STEEL BUILDING FOR OUR NEW SUPERMARKET"

"The Armco Building method resulted in a saving of 10% over any other type of construction for our new supermarket in Gleason, Wisconsin," explains Mr. Elmer W. Kreie, General Manager of the Associated Cooperative Services. Just as important, Mr. Kreie describes the Armco Building as "fire-safe, attractive, easy to insulate, and economical to heat."

The new supermarket is a Rigid-Frame Armco Building, 60' wide by 80' long, and 10' high. Mr. Kreie also points out that the 60' clear-span width provides complete flexibility of interior arrangement—a necessity in most commercial operations.

Year by year more progressive businessmen are learning that Armco Buildings offer an unmatched combination of quality



and economy. Unique panel-wall construction saves time and money. The finished structure will last indefinitely with only the barest essentials of maintenance. There is nothing to warp, crack or burn.

Compare before you build and you'll find that Armco Buildings are the best way to build. Just mail the coupon.

You can buy

ARMCO STEEL BUILDINGS

on our Budget Payment Plan

Armco Drainage & Metal Products, Inc.
518 Curtis Street, Middletown, Ohio

Send me information on Armco Steel Buildings for the following use:

Approximate size: _____

Name _____

Firm _____

Street _____

City _____

Zone _____

State _____



Tax reform would promote GROWTH

Nation's chief goal calls
for long-range incentives

By Henry C. Wallich

Doctor Wallich, professor of economics at Yale University since 1951, has been analyzing economic and financial events for business for more than 20 years. A graduate of schools in Germany and England, Dr. Wallich took his Ph.D. at Harvard in 1944. He had come to America nine years earlier from South America where he had been in export and banking. From 1946 to 1951 he was Chief of the Foreign Research Division, Federal Reserve Bank of New York. He has served as consultant to a number of Latin American governments, and is the author of several books

ON A TABLE in the office of a tax expert lies a stack of documents two feet high: recent proposals from people who want to reform taxes.

In this mass of documents one can find all degrees of economic opinion and cleverness of invention.

Many of these programs were offered as cures for recession. The agreement among top Eisenhower administration and congressional leaders that this is no time for major tax revisions should not let it keep us from thinking about what a rational tax reform program should be.

Looking beyond the recession, our chief goal is to expand the economy, to make it grow as fast as we can without provoking inflation or boom and bust cycles.

This concern with rapid growth will not seem exaggerated once we remind ourselves of all that hangs on it. Our ability to carry the probably rising burden of an adequate defense against mounting Russian potential depends on growth. The assessment of our free enterprise system made by the uncommitted world—and in the end perhaps by people everywhere including our own—depends on the ability of the American businessman to outproduce Russian communism. And growth, finally, is at least a partial answer to inflation. Wage hikes can be absorbed more readily if productivity and output are growing.

Tax reform can help to do this job.

Its contribution would be two-fold:

1. To strengthen incentives.
2. To aid capital formation and research.

How does our present tax system bear upon these two objectives and what needs to be done?

It is hard to believe that tax rates such as ours should not affect incentives and they surely do. But a lot of generalizations make the rounds about the incentive-destroying effect of personal and corporate income taxes that are hard to substantiate. Sometimes it seems to be taken for granted, for instance, that high tax rates make people work less. Detailed surveys show that often this isn't so. Among businessmen the surveys show that taxes do work in roundabout ways to discourage effort—occasional unwillingness to shift to higher paying jobs, earlier retirement, and similar marginal effects. But the researchers have encountered few executives already committed to their jobs who said they worked less hard because taxes had gone up. And there were cases of men who worked harder because they had to keep up their standards of living.

The corporate income tax, too, does not always and unambiguously discourage business investment and expansion. True enough, it cuts down profits. But for many corporations it also cuts down losses.

But even after the incentive effects of taxation have been put in their proper perspective, evidence of damage remains. Let us grant that executives in harness are not much influenced by their heavy tax rates. The recruitment of a new generation may still suffer. Let us accept that the corporate income tax does not really change the mathematical chances of profit and loss, if perfect offsets are available. It will still discourage a management which is interested in profits and does

not particularly care about protection against loss. Beyond these immediate effects, high taxes, particularly on large personal incomes, stand as a symbol of an antiwealth attitude. Their continuous uptrend seems to suggest that the tide is running against the private enterprise system, that capitalism is on its way out. The effects of this hostile climate, though it scarcely reflects the thinking of most Americans, must not be overlooked.

High tax rates disturb incentives in still another way. Everybody knows what an enormous premium they put on successful tax avoidance. A market economy is not likely to function well if tax considerations rather than the market mechanism guide its decisions. Nor is productivity aided when time and brainpower are drawn from production into tax discussions.

High personal tax rates, moreover, expose those who pay them to moral pressures greater than any democratic society can wisely permit. They are analogous in some respects to price fixing and black markets. A man who can sell his time for \$500 a day but is not allowed to collect more than \$200 is under a temptation similar to that felt by a seller of price-fixed scarce merchandise. From every angle this is questionable public policy.

In addition to the damage done to incentives, high

taxes hurt capital formation. Here, too, some arguments admittedly are used that don't hold water. For instance, it is often said that the shifting of the tax burden from the lower to the upper income brackets reduces the rate of saving. For this assertion, no good evidence can be found. As already pointed out, statisticians have been surprised to discover that the difference in marginal saving at different income levels does not seem to be great. A redistribution of income through the tax system probably does not change total saving substantially.

Nevertheless, such redistributive taxation does affect the quality of the saving. The man in the upper income brackets is more inclined to use his savings for venture capital. Taxes that choke off his saving may not greatly change the total of all kinds of saving. But they decisively injure one vital component.

The corporate income tax also retards capital formation. Retained profits account for an important part of total investment. A cut in the corporate income tax would boost retained profits (along with dividends) and capital formation.

One further contribution that the fiscal system can make to capital formation deserves to be mentioned: the repayment of public debt. A surplus of revenues in the budget represents money that would in good

Tax
reform
goal



Stimulate
productive
incentives



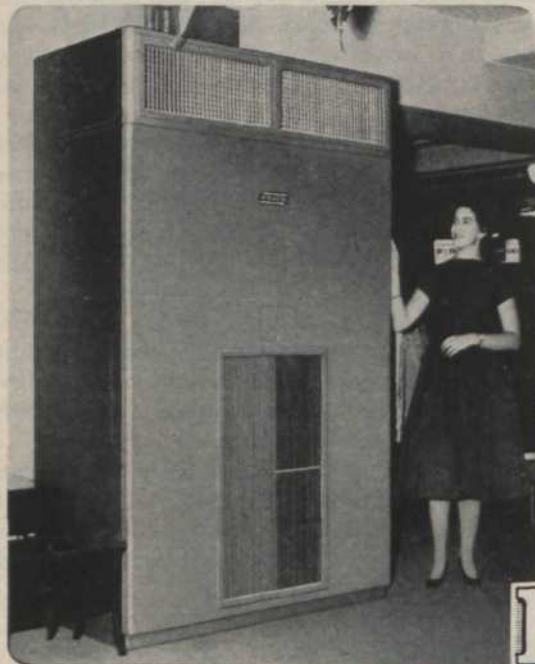
Stimulate
capital
formation



Retain as
much revenue
as possible

Expanding
economy

GET FULL VALUE FOR YOUR DOLLAR WITH UNIT AIR CONDITIONERS



The new Frick unit air conditioners are ideal for all types of commercial and industrial applications. Twenty-five superior features, backed by half a century of air conditioning experience, guarantee longest useful life and satisfaction.

Ask for Bulletin 522 and get the whole story on these Frick super-units.

FRICK CO.
DEPENDABLE REFRIGERATION SINCE 1882
WAYNESBORO, PENNA., U.S.A.

TAX REFORM *continued*

Tax reform should give most revenue, maximum incentive

part go into consumption. It puts the money into the hands of former holders of public debt. These holders must find new investments—they are not likely to consume their capital. In a well functioning economy their demand stimulates the issue of new securities and corresponding capital expenditures.

The importance of accelerated capital formation has recently been questioned on the grounds that research and technology can do more to speed up growth than mere additions of brick and mortar. Statistical studies do indeed seem to show that, over many decades, technological improvements have played a larger role in raising output than has capital expansion. But this does not mean that additions to capital have ceased to be urgent. What it means, simply, is that, without rising technology, the economy would grow much more slowly. Additions to capital continue to be essential to rapid growth.

To recapitulate the principles that should guide our tax reform:

1. We should stimulate productive incentives and reduce incentives to avoid taxes.
2. We should stimulate capital formation and research.
3. All this must be done while giving away as little tax revenue as possible.

What do these principles mean, in terms of a longer run tax reform?

Many proposals in concrete form have been spelled out. Here all that is needed is to set forth the chief fields of action.

1. The personal income tax should be reduced through all brackets. In the upper brackets it has damaged incentives. In the lower brackets it has become more burdensome than intended because inflation lifted many taxpayers to higher dollar incomes without increasing their real purchasing power.

2. The capital gains tax has the one virtue of being lower, for long term prices, than regular tax rates. This has encouraged risk investment and proved a highly fruitful arrange-



Now! BOND NEW CEMENT TO OLD!

Use new Tropical Cement Bond to successfully patch or re-surface broken concrete floors, steps, driveways, shipping docks. Repairs won't crumble, break or flake. Fracture tests show old-new bond undisturbed. Clean, brush on Cement Bond, lay new mix. Save high cost of breaking up old concrete! Withstands heavy traffic.

FREE! Your letterhead request brings complete information—write today!

HEAVY-DUTY MAINTENANCE PAINTS SINCE 1883

TROPICAL PAINT CO.
1134-1252 W. 70th
CLEVELAND 2, O.

SUBSIDIARY OF PARKER RUST PROOF COMPANY



EXECUTIVES...

Give business gifts, conveniently—
And with perfect tax saving records!

NEW GIFT PLAN

allows your recipients to choose
their gifts—saves work, time and
money while giving more graciously!

Your gifts are treasured at their full advertised value...you receive a single invoice at substantially lower costs.

THE PLAN...

- Select, send any of 5 different price category Gift Card books to your recipients.
- Recipient chooses desired gift and mails postage-paid card to us.
- We send gift chosen, in your name... wrapped, prepaid and insured.

THE RESULTS...

- You've saved time, work and money.
- Recipients choose gifts they really want.
- Single invoice saves accounting time... perfect for tax purposes.
- Avoid buying and shipping problems.

Write or Phone for Full Details Without Obligation
PRIZE HOUSE, div. of L. & C. Mayers Co.
516 West 34th Street, New York 1, N. Y.

THE TRUTH

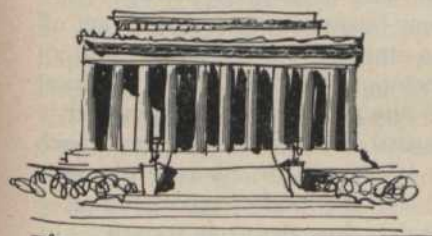
If you are a \$5,000-to-\$20,000 investor you should have our free folder "What Is A Royalty?" for higher monthly income than is possible elsewhere. No stocks for sale. Address Operator NB, Rm. 724, Cooper Bldg., Denver 2, Colo.

ment. Any change in this tax should be downward, not upward.

3. The corporate income tax should be cut. Not a great deal can be expected, because every percentage point costs more than \$400 million in federal revenues. A start should be made, however. This seems useful not only to stimulate incentives and capital formation, but also because any national emergency will probably bring further increases.

4. Treatment of depreciation should be made more flexible to encourage rapid replacement and new investment. Here is a powerful and little understood lever that can pull up investment and growth. More generous depreciation rules would provide one of the most practicable ways of helping small business. They would also be a spur to research and more rapid improvement of technology. Any loss of revenue from this source would be temporary, so long as depreciation remains based on original cost.

5. These suggestions are not inexpensive. Given the need to avoid a loss of revenue, they will become practical only if we can tap alternative sources. The most likely source



The Supreme

that suggests itself is a broadening of excises or general sales taxes. These taxes do less than others to discourage incentives. Their tendency to fall most heavily on the lowest income group has been greatly exaggerated; in fact, they can be made to fall more heavily on luxury consumers by appropriate setting of rates.

If we succeed in this reform, the growth of the economy should accelerate. The benefits that a more rapidly growing national income bring to people in the lower income brackets will far outweigh any benefits they might gain even from complete removal of income tax liability. Those who argue for tax relief at the expense of growth are doing themselves a poor service.

Our economy, over the years, can do more for people in all brackets than any amount of redistribution can do—provided we do not cut down growth with a bad tax system.

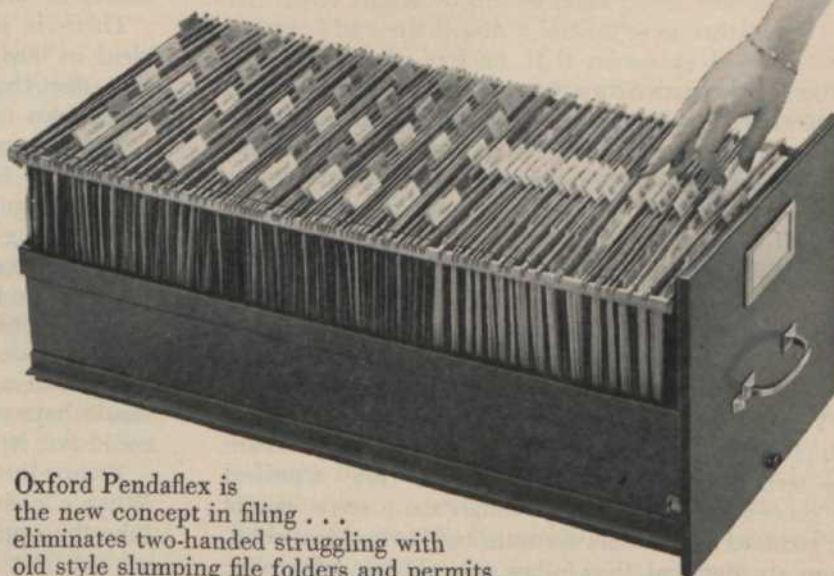
END

"Aching Back" Filing

costs
money

save with

OXFORD PENDAFLEX®



Oxford Pendaflex is the new concept in filing... eliminates two-handed struggling with old style slumping file folders and permits finger-tip control of all files. Office costs go way down because filing is so much faster with Pendaflex *hanging, sliding folders*. Every name tab is always visible, every folder opens with a finger flick; misfiling is almost impossible.

With new Pendaflex systems providing important economies not found in conventional filing, your records department will automatically become more efficient and less costly! You'll always get the papers you want, when you want them.

Fill out the coupon and mail it today for a helpful "do it yourself" analysis of your filing troubles.

Oxford Filing Supply Company, Inc.
Garden City, N. Y.



OXFORD FILING SUPPLY COMPANY, INC.
8-7 Clinton Road, Garden City, N. Y.

Please send free "File Analysis Sheet" and Oxford Pendaflex Catalog.

NAME _____
FIRM _____
STREET _____
CITY _____ STATE _____

Get **action** from your decisions

These steps will boost managerial efficiency

MOTION IN MANAGEMENT TASKS is often mistaken for forward movement. It shouldn't be. A man walking on a treadmill, though in motion, doesn't get far. The successful business executive may not always be in motion, but when he moves, he moves forward toward his goal.

Emphasis on the need for follow-through is not uncommon in management circles, but training individuals how to follow through is a rarity. More often than not, only the final judgment is rendered: "Frank has the ability to follow through. Bob doesn't."

Yet follow-through is not a mysterious process which only a privileged few can understand. It means the series of action steps necessary to carry a project to successful completion. Though these steps cannot be reduced to an exact formula because no two situations are identical, they follow several basic principles:

- ▶ Take nothing for granted.
- ▶ Start with a plan.
- ▶ Have alternatives.
- ▶ Act promptly.
- ▶ Do not give up easily.

Most businessmen would accept the foregoing principles. They would more likely question the how. How do you follow through? What are the techniques? What are the day-to-day steps? So, after examining what the principles mean, let's see if there aren't some practical ways to carry them out.

Take nothing for granted

Many tasks in management run aground because somebody takes something for granted. Yet uncertainty is one of the most certain facts of business life. Experience shows that it is particularly dangerous to assume that people will act in some preconceived way.

Take the case of the executive who assumes that his assistant will have the required report prepared

in the month that has been allotted for its completion. As a result, he doesn't check to see what progress is being made. What are some of the possible consequences?

1. The assistant will turn in a satisfactory report on time.
2. He will turn in an unsatisfactory report.
3. He will not have the report ready in time.

The outcome would be much less of a gamble if the executive checked the assistant's progress several times in the course of the month.

Such checking is a vital part of follow-through. It is the logical action of a businessman who doesn't assume that people always accomplish what they are supposed to accomplish.

Still it is obvious that some assumptions must be made from time to time. These should be consciously made. In this way, there is a continuing awareness of the distinction between actions that have been taken and actions that we assume have been (or will be) taken.

Start with a plan

When there is no plan, follow-through must of necessity be hit and miss. Floundering is the result.

There is no shortage of good, even imaginative ideas in business. Often lacking though is the intensive effort that is required to plan the implementation of the idea from beginning to end.

What happens without a plan? Examples: A money-saving deal for the purchase of materials is imperiled at the last minute by a lack of adequate storage space. A conference on a new business policy doesn't get off the ground because a statement of the policy had not been sent to the directors for advance study. A report on new items in the line promised to be delivered to regional sales managers in a week does not reach them until a month later—a little advance planning would have revealed that the kind of report promised could not be prepared in less than one month.

Follow-through is possible only with a road map. When a businessman knows where he is going, he can take the steps that will advance his program.





In short, plan ahead so the second and third steps are as clear as the first.

Have alternatives

Almost as serious as having no plan is having one that is inflexible. Follow-through requires alternatives.

"But I couldn't get to see him" is typically offered as a reason why a task has not been accomplished long after it should have been done. It is reasonable to ask whether other approaches were possible. Perhaps a memorandum would have speeded up the situation. Perhaps a telephone call. Or perhaps it was not absolutely necessary to see him at all—someone else might have been able to help.

While it is true that a detour is generally not as good as the main road, it is nonetheless better to take the detour than to wait two months for the main road to be repaired.

Act promptly

Once a follow-through step is intelligently decided upon, it is wasteful to put it off. Delay simply allows such actions to pile up and, before long, to be sacrificed to the pressure of time.

A businessman decides that a visit to his supplier within the next few days will help to assure delivery of the supplies he needs for the fall season. He can conveniently make the visit today but, because there seems to be enough time, he decides to wait. New circumstances the next day make the visit impossible then or the several days thereafter. His delay in following through may prove costly.

Promptness in follow-through does not mean impulsive or hasty action. On the other hand, it does mean immediate action as soon as the follow-through step has been determined. For delay may eliminate the chance to do anything at all.

Do not give up easily

Casualties often occur in the follow-through process because people give up. One setback, and in goes the towel.

A characteristic that marks businessmen who fol-

low through effectively is the determination to succeed.

In the burial ground of business ideas are the graves of almost as many good ideas as bad ones. A sensitive vice president gave up a good idea because the president appeared indifferent when he introduced it for the first time. A bank manager threw a good idea into the wastebasket because an associate criticized it. A salesman never had a chance to find out if his idea was a good one—he didn't phone for the appointment because he was afraid he wouldn't get it.

The examples are numberless—a department head who didn't write; a broker who didn't investigate; an advertising executive who didn't make the presentation; and so on into the nether world of didn't follow through.

If you have confidence in your idea and plan, don't surrender without a good try.

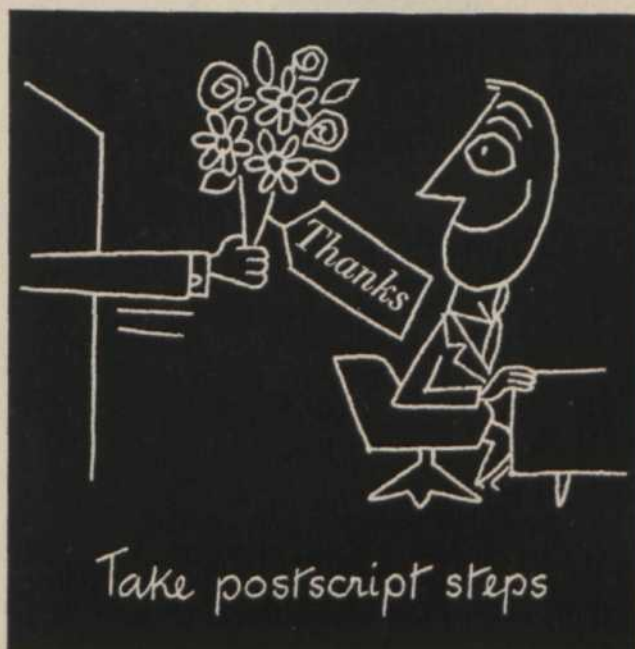
Now let's examine seven practicable ways to follow through.

1. Keep a continuing inventory. A classic defense for poor follow-through is that there is too little time to get everything done. Or put another way, there are too many things to do. In most cases, this is simply not so. The fault lies in a lack of organization.

Whatever the system, it is necessary to inventory jobs requiring follow-through. A list inevitably reveals priorities. That is, it becomes clear that a number of things do not have to be done today but can and should be done in a week or even later. It also becomes apparent that certain projects are far more important than others. Accordingly, even if several projects require action in the same day, work must be done on the more important ones first.

Further, an inventory cleans out deadwood. The truth is that desks tend to get cluttered with problems that cannot be resolved in the immediate future as well as projects that should be in the file-and-forget department.

Being busy is not the test of being productive. A manufacturing company executive who complained that he was so busy he couldn't get all his work done





tried listing his supposed projects. He not only discovered that he didn't have as much to do as he thought but also that he had been overlooking one project that clearly deserved much more of his time.

Because priorities change and new projects arise from day to day, the inventory must be continuous. If the inventory keeps growing larger and larger, the odds are that little is being done in the way of follow-through. If a number of items on your list are crossed out each day, you can be sure that the follow-through process is happening before your very eyes.

2. Make choices of the method of communication:

Generally speaking, follow-through is achieved by some form of communication. One can write, one can phone, or one can have a face-to-face talk. The variants in each of those three main forms are many.

The written word can be sent in a letter, a report, a memorandum, a telegram, and so on. The phone call can be made to the other party's office, his home, his club—it can be made early in the day, in the evening, over the week end. The face-to-face talk can be held in many possible settings and under many different circumstances.

Selecting the method of communication in haphazard fashion is dangerous. The success or failure of follow-through often depends on the way in which the contact is made.

Because the situations which arise in business are infinite, only the broadest kind of rule can be laid down in this area. That is: choose with the greatest care the form of communication for follow-through. Rule out the ways least likely to succeed. Then, after you have decided on the form to be used, decide on specific content of the message, time, and place.

3. Establish a suspense procedure:

Often inaction results because of the time spent waiting for someone else to take certain steps. To avoid waiting endlessly, it is necessary to have some procedure which prompts a follow-up.

An insurance executive gets results by having his

secretary keep a suspense question list for him. Here are some typical entries:

"Has Mr. Fleming answered my letter of May 29?"

"Has Vice President Marts arranged the annual agents' conference?"

"Have the new brochures arrived?"

Each question carries an actual or approximate time deadline. If the expected action does not take place before the deadline, the suspense question will stimulate a follow-through. For example, if the new brochures do not arrive by a certain date, some action will be taken. Moreover, the suspense question may prompt an earlier follow-through to insure the arrival of the brochures when expected.

The suspense question list supplements the continuing inventory. Almost every action step taken by the party of the first part results in some anticipated reaction or response by other persons. Inasmuch as one of the guiding principles of follow-through is to take nothing for granted, some form of suspense procedure is essential.

4. Do your homework:

Successful follow-through depends greatly on preparation.

How many times have you attended meetings arranged at considerable expense at which the principals dwelt at length on matters unrelated to the purpose of the meeting?

How many times have you hung up after a phone conversation only to remember belatedly that you forgot to ask one vital question?

These are usually the results of faulty preparation. A communication step in follow-through is not in itself magical. It is not the conference or the phone call or the letter or the visit itself that constitutes follow-through—it is the content of the communication that determines its effectiveness.

5. Let others know:

Follow-through is not one-dimensional. In a few cases, it is probably best to keep your actions completely to yourself. In most cases, however, it is helpful to keep selected persons well informed. This is so because these selected persons can play needed roles at given times and places.

There are many ways of keeping people informed. Sending copies of letters and memoranda is an effective method. Brief handwritten notes can be used to relay information informally. The telephone is usually the quickest method and is a suitable means when the message is not particularly complicated.

Each follow-through step should be accompanied by the question, "Who should know?" In fact, the general question should be subdivided into "Who should know before the step is taken?" and "Who should know afterward?"

It is not unusual to have even a good result criticized because a third party was not kept informed.

6. Act through third parties where appropriate:

In follow-through, the shortest distance between two points may not be a straight line. For example, in a situation in which Mr. A wants Mr. B to act, it may be highly desirable to involve Mr. C, a third party.

This may be so for a number of reasons. The third party may have more influence with Mr. B. He may be able to act at just the right time and place. He

may be more skillful in the kind of follow-through step required.

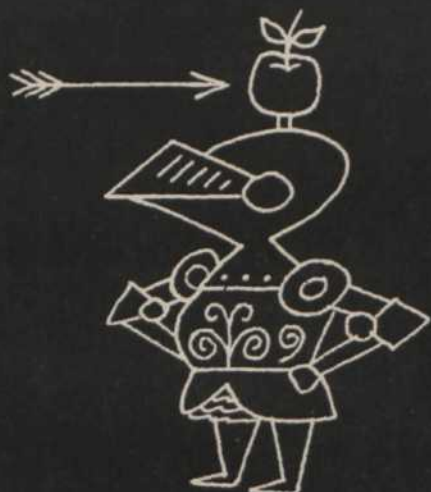
Be particularly conscious of this technique when you conclude, "For these reasons, I can't take this step myself."

At that point, instead of giving up, give careful thought to third parties through whom the desired goal may be reached.

7. Take steps after the mission is accomplished: Even those businessmen who are skillful at follow-through sometimes forget that effective steps can be taken after the immediate goal is achieved.

Among the actions that may be classified as post-script steps are the thank-you notes that can be written to people who have helped along the way; the words of commendation that can be transmitted to subordinates and associates who have made noteworthy contributions; the note of appreciation to the person who made the opportunity possible.

Sometimes a vital follow-through step may be taken weeks, even months, after the successful completion of a mission. For example, there is the executive who takes a second look at administrative procedures several months after their inception. In a way, he is like



Take nothing for granted

the theater critic who occasionally visits the fiftieth performance of a play to see if the actors are doing as fine a job as in the premiere.

Follow-through is hard work. Its reward is the satisfaction of finishing a job. In the business world where results count, it is often the plus factor that distinguishes one businessman from another. Both men may have equally brilliant ideas—the difference is that one knows how to follow through.

—HOWARD R. DRESSNER
New York University

REPRINTS of "Get Action from Your Decisions" may be obtained for 10 cents a copy or \$6.75 per 100 postpaid from Nation's Business, 1615 H Street N. W. Washington 6, D. C. Please enclose remittance.

FOOL MISTAKES WERE KEEPING ME BROKE

So I Sent \$6 to The
Wall Street Journal

I always seemed to make mistakes. I sold some land when prices were low. I bought a home when prices were high.

Then one day I picked up a copy of The Wall Street Journal. I saw right away that it had the facts I needed to help me in my personal affairs and in my job. So I sent \$6 for a Trial Subscription.

The Journal not only tells me how to earn more money—it also tells me how to get more value for the money I spend. And articles on taxes guide me on what to do to keep my taxes down.

This story is typical. The Journal is a wonderful aid to men making \$7,000 to \$20,000 a year. To assure speedy delivery to you anywhere in the U.S., The Journal is printed daily in five cities—New York, Washington, Chicago, Dallas and San Francisco.

The Wall Street Journal has the largest staff of writers on business and finance. It costs \$20 a year, but in order to acquaint you with The Journal, we make this offer: You can get a Trial Subscription for 3 months for \$6. Just send this ad with check for \$6. Or tell us to bill you. Address: The Wall Street Journal, 44 Broad St., New York 4, N. Y. NB-7

Sweeps Cleaner, Faster, Better...

Outlasts Ordinary
Brushes 3 to 1



Over half the nation's top-rated firms have proved there's a Speed Sweep for every job. Write for complete brochure and prices.

MILWAUKEE DUSTLESS BRUSH CO.
530 N. 22nd STREET, MILWAUKEE 3, WIS.
Send complete facts on Speed Sweep:
NAME _____
ADDRESS _____
CITY _____ STATE _____

Hidden price concessions may bring an effective lowering of price levels

cent below October 1926. Prices then turned up and, by November 1927, the index was 62.6, or only 3.1 per cent below October 1926.

In the year preceding the peak of 1937, the wholesale price index rose 11.2 per cent. After a lag of four months the wholesale price index followed the economy downward. The largest decline was in farm products which had risen the most in the period of recovery. The non-farm-nonfood index fell 5.8 per cent or less than the average of 10.4 per cent for the entire index.

From August 1945 to August 1948, the wholesale price index rose 54.6 per cent. It is against this sharp postwar rise in prices on top of the wartime rise that the 1948-49 decline of 6.5 per cent must be evaluated. Prices of farm products and processed foods reached their peak several months before economic activity; other prices reached a peak in November 1948. Wholesale prices during the 1953 recession recorded only small changes:

	July 1953	August 1954	Per cent change
Farm products	97.9	95.8	-2.1
Processed foods	105.5	106.4	+0.9
Nonfarm-nonfood	114.8	114.4	-0.4
Total index	110.9	110.5	-0.4

This modest change in prices did not prevent the recession from ending nor did it cause the decline to become unduly deep or protracted.

In two of these five recessions, wholesale prices of farm products rose. Thus, the rise in farm product prices during the current period is not unique. But such prices are largely market determined.

It is somewhat paradoxical, therefore, to find some persons alleging that the rise in the price index is due to industrial price policy. Weather conditions and government farm policy have been the important factors.

The declines in nonfarm-nonfood prices in the first four recessions were between five per cent and six per cent. However, in the 1953-54 recession and during the current period, changes have been fractional. The behavior of the wholesale price index in the current recession has been similar to that during the 1953-54 recession. Both the wholesale price index and consumer price in-

dex would have recorded smaller increases if agricultural prices had increased less sharply.

From August 1957 to April 1958, the wholesale price index rose by 0.8 per cent. All of this rise was accounted for by the higher prices for fresh and dried fruits and vegetables (22.8 per cent), livestock and live poultry (9 per cent) and meats (12 per cent). Exclusive of these three items, which accounted for only 7.8 per cent of the wholesale price index, the average for all other prices has remained almost unchanged during the recession; industrial prices have declined by 0.3 per cent. (As of June 3, the decline in industrial prices was 0.6 per cent.)

Of the remaining 92 per cent of the index, about half the items recorded price increases. The remainder were unchanged or declined.

Seventeen subgroups declined less than one per cent, 12 subgroups declined between one per cent and three per cent. For 11 subgroups, the declines have exceeded three per cent. These 40 subgroups accounted for 42.9 per cent of the weighted importance of the wholesale price index. Within many of these groups there have been diverse price movements for specific products so that the proportion which declined is different than indicated by these index weights.

Moreover, it is probable that the published indexes do not yet reflect fully the price declines which are taking place. Thus, the *Federal Reserve Bulletin* (April 1958) reported that "When demands fall . . . price decreases often take such forms as discounts from lists, freight absorption, and improved service and delivery terms. There has been some price cutting of this kind in recent months."

Similarly, the National Association of Purchasing Agents reported that in April "price concessions in local areas are resulting in spotty reporting of lower prices on items when there has been no announced price reduction . . . committee members report more and more of the items they buy are beginning to move downward."

The covert price concession often precedes the overt general price cut. Special discounts, reduction or elimination of charges for extras, provid-

ing of cost-saving services, absorption of freight charges—such concessions are frequently made as the seller attempts to maintain the fiction of his quoted price. But as demand continues to fall off or to lag, these concessions are extended to all customers. In many instances, they are then formalized by announcing a reduction in prices.

A survey of price changes announced since last September shows that in recent months price reductions have predominated. Many announcements explain that the reduction was made "because of market conditions," or "to meet competitive conditions," "to make the price more competitive," "to stimulate our sales immediately," or some related combination of words which add up to pressures by buyers to obtain price concessions because of recession.

There seems to be little question that actual industrial prices have eased off more than the available indexes indicate. As the recession persists and recovery lags, this type of price adjustment should be reflected to an increasing extent in the published indexes.

Unfortunately, many companies must face the hard fact that labor costs are continuing to rise this year.

The long-term wage contracts, which assure higher wages to about 4 million workers in 1958, have established a general pattern for wage and other labor cost increases of 10 cents or more an hour.

This rise in labor costs of about four per cent will exceed the rate of gain in productivity for most companies. The result is higher unit labor costs and a strong resistance to price reductions. In fact, in some industries, such as steel, these rises in labor costs are so important that there is strong pressure for further price increases.

Thus, industry is in a squeeze of falling demand and higher labor costs as it attempts to set its price policy. The real casualty will be corporate profits. Most companies will find it hard to raise prices enough to offset higher labor costs.

Movements of wholesale prices through the balance of 1958 will be significantly influenced by the level of business activity and by the supplies of farm products. Should a rapid business recovery fail to materialize, then further weakness will be seen in wholesale prices. But the declines should be moderate.

To the extent that weather conditions are more favorable for fruits and vegetables and the supply of livestock improves, then the major factors causing the small rise in the wholesale price index will be reversed.

END

EXECUTIVE TRAINING

continued from page 48

tickets. That's all a bureaucracy is, and we can all catch it very quickly.

There was a famous corporation in my own country which had 1,600 public accountants and every quarter they were producing an accountant's dream of a set of figures, two thick volumes. There was absolutely nothing you could ask for that wasn't somewhere in these two volumes and nobody ever used them because they were two thick volumes. Much too much trouble.

The 1,600 accountants were reduced to 800 and the two thick volumes quarterly to about eight pages once a month. Everybody had to use them and the corporation came out of the red. It was as simple as that.

Now, the chief accountant who did that was a keen and enthusiastic professional man who had ridden his hobby horse to the point where it was riding the business into the ground. What was wrong was that his chief executive didn't realize he was doing it.

How can a company know if it's getting into this kind of bureaucratic trouble?

Paper, unnecessary paper, unnecessary records is a thing against which every healthy organization should be waging a continuous war.

There should always be people who have a zest for destroying paper. We all think our records are so important that other people should keep them for us. I think that's one of the important functions of our profession, to go into organizations and ask this eternal question, "What's this for?" Why? What does it really contribute to the purpose of this business? Why should people do this thing? It is an unpopular question.

Do you lean toward the strong leader type of management or the group type of management?

I don't think a group can manage. The government of any society, any social institution, demands a legislative function and an executive function—policy making and its execution. The policy making is best done by groups. The execution must be led by an individual.

You don't put an army in the field under a committee. You put it under a general. You don't put a great department of state under a committee. You put it under a director general.

Ask yourself a simple question. What in fact can any group of seven people do together without a leader? Damn little.

END



Here's q-u-i-e-t cooling . . .
matched to your business needs!

new JANITROL® waterless packaged cooling conditioner

This handsome, compact Janitrol conditioner meets your requirements for quiet, efficient cooling—tucks away in just a little floor space, or may be fastened to the ceiling. Filters, cools and circulates the air to provide modern comfort conditions for customers and employees. Operates without water, no pumps, plumbing, sewer connections or water tower needed. Capacities to 9 h.p. Free air conditioning estimate—ask your Janitrol dealer.

JANITROL HEATING
AND
AIR CONDITIONING
DIVISION
SURFACE COMBUSTION
CORPORATION
COLUMBUS 16, OHIO
In Canada:
Moffats Ltd., Toronto 15

AUTHORS WANTED BY N. Y. PUBLISHER

New York, N. Y. — One of the nation's largest book publishers is seeking book-length manuscripts of all types—fiction, non-fiction, poetry. Special attention to new writers. For more information, send for booklet NB—it's free. Vantage Press, 120 W. 31 St., New York 1. (Branches in: Washington, D.C., Chicago, Hollywood, Calif.)

Instead of Short Term Govt. Notes
4% Daily Rate Basis
100% SAFE
CONSULTATION
GRATIS
Investor Service (AB), 11 W. 42, N. Y. C. LA 4-7665

SLIDES
WILL TELL YOUR STORY BETTER!
Quality reproductions from your original slides or art work.
Prompt service . . . Color or black & white.
Write today for prices.
PHOTO LAB, INC.
3825 Georgia Ave. Washington 11, D. C.

Send us your new address . . .

. . . at least 30 days ahead of time. Then Nation's Business will come to you properly addressed and without interruption.

A simple way to do it: just tear the address label off this magazine and send it with your new address and postal zone to . . .

Nation's Business, 1615 H Street,
N. W. Washington 6, D. C.



nothing like

the modern motor carrier for flexible routing, dependable on-time shipping . . . TL or LTL.

Nothing like the big terminal facilities of Eastern Express, Inc. . . the record of leadership and integrity of service.

Nothing like Eastern Express, Inc. for moving your product—swiftly—safely—and at the lowest cost per mile.

Eastern
EXPRESS, INC.
General Office: 178 Cherry Street, Terre Haute, Indiana
the motor carrier with more Go-Flow

Connecting the Midwest with the Eastern Seaboard: Akron • Baltimore • Bethlehem • Bridgeport • Chicago • Cincinnati • Cleveland • Columbus • Dayton • Evansville • Fort Wayne • Harrisburg • Indianapolis • Jersey City • Metuchen • Philadelphia • Pittsburgh • St. Louis • Trenton • Zanesville

WHY PEOPLE ACT THAT WAY

Awareness of some basic facts about human behavior can improve your work

THE EXECUTIVE'S JOB of getting things done through others can be made easier by a better understanding of what makes people act the way they do.

This doesn't mean that executives are expected to become psychologists. Yet, every executive knows that it would be extremely helpful if he understood his associates and subordinates better.

The executive has one built-in disadvantage: He is the boss.

Psychologists say a person in authority often gets a distorted picture of his subordinates. This is true because people, when faced by authority, just don't act as they normally do.

They feign interest; they laugh at unfunny jokes, and in general, hold back many of their true feelings and frustrations.

This can be partly overcome by keen observation of the way people act, the things they say or do, and an understanding of three basic fac-

tors about people. These three factors are:

- ▶ Personality balance.
- ▶ Signs of stress.
- ▶ Insecurity.

Personality balance

As Dr. Herbert C. Modlin points out in "Toward Understanding Men" (published by The Menninger Foundation, Topeka, Kans.), everyone is constantly trying to keep his personality in balance, or, stated another way, to keep control over his emotions. At the same time, psychological stresses are bombarding him, tending to throw the personality out of balance and produce anxieties. This bombardment can come from anything from a rebellious subordinate to a hip-swinging secretary.

To cope with these stresses, a person unconsciously calls on one of several devices. The one he calls on most frequently becomes a personality trait which eventually becomes something of a tag. You may speak of a person as "aggressive."

Another person may learn that the best way to handle a situation which threatens to cause him discomfort is to be passive. He will just lie low most of the time. This type, though he seldom gets into trouble, is usually not overly ambitious.

The aggressive person will bull his way through life, stepping on a great many toes but, through it all, he often obtains personal gratifications that the passive man can only dream

about. The aggressive person has learned, mostly unconsciously, that he can best handle the stresses of life by being the way he is. Sometimes the aggressive man—with ulcers—is at heart a person who would like nothing better than to be completely passive. Somewhere along the line, however, it was impressed on him that passivity was an undesirable trait. Thus he is forcing himself to be the opposite.

This device of doing just the opposite of a strong impulse works well, psychologists say, until it is weakened by outside influences such as alcohol or from internal forces such as a mental breakdown. The kind, polite person who turns into an argumentative fellow after a few drinks is a familiar type.

One of the most common permanent devices a person uses to keep himself in balance is repression. Dr. Modlin, who is a senior psychiatrist at The Menninger Foundation, says that in a sense the personality's use of repression is this: "If you can't cope with it, forget it."

One variety of repression, he says, is denial. "It isn't so." "I didn't say that." "That isn't what I mean; you misunderstood me." Some people have a great knack for fooling themselves about things everyone else knows are so. You may remember that a particular person said something to you yesterday that hurt a bit. But for him, it never happened. He has repressed it from his consciousness.



Another form of repression is avoidance. This is something more than mere passivity. It is side-stepping potential trouble, responsibility, change. It is a negative action.

"Some employees avoid supervisors, never ask about the results of a job appraisal, defer requesting wage increases or promotions, ignore chances for advancement. When thrust into one or another of these, they may become acutely uncomfortable," Dr. Modlin says.

Other people have a tendency to turn against themselves rather than run the risk of hostile expression toward the thing that caused them displeasure—perhaps the boss. After his boss berates him, a man may say, "Well, he was perfectly right. After all I really wasn't adequate for the job. I probably shouldn't have taken it in the first place."

Others turn against another person the anger they really feel toward someone else. There is the familiar cartoon of the boss criticizing an employee, who in turn criticizes a subordinate, who in turn fusses at his wife, who turns on the child, who turns on the dog. If someone in the office acts angrily toward you without sufficient reason, it may be wise to look beyond the outburst and realize that he is probably expressing an anger that he could not turn on the object that caused it.

Exactly the opposite can happen. A person may turn good will on others because he feels unusually good about something that has nothing

to do with the recipients of his happy mood.

By bending over backward, people try to make up for what they lack, or think they lack. Some managers, fearing that their subordinates do not like them as much as they feel they should, will let the employees get by with almost anything.

Some people use potentially dangerous devices which psychiatrists call "projection." This is seeing your own problems in someone else.

"This is a dog-eat-dog operation. You've got to get them before they get you." It is difficult to deal with such a person because the motivation for using this device is buried deep in the unconscious.

These are only a few of the many devices people use to keep their personality in balance. There is the danger, too, of oversimplifying the devices. But looking around your office you can see many of these personality types in action: the man taking out hostile feelings on himself, the passive person, the aggressive man, the man repressing his feelings.

You can't make these people over into what you want them to be. Nor is that a good idea. A person who has learned to meet the stress of the world in a particular way is uncomfortable if he changes his pattern.

One psychiatrist told NATION'S BUSINESS about a manager complaining that a man in his office refused to join in on any bull sessions, wouldn't go for a cup of coffee with the other men, and ate lunch alone.

"Does he do his work?" the psychiatrist asked.

"Oh, yes," was the reply, "but he seems like such an odd-ball."

"In other words," the psychiatrist said, "you want to make him like you. Leave him alone. He's comfortable the way he is." He added:

"Sometimes I feel there are too many missionaries in management."

Signs of stress

Once you have recognized the different types in your organization and have observed how they manage to keep their personalities in balance, you will be in a much better position to tell if something is going wrong.

Dr. Alan A. McLean, psychiatric consultant for International Business Machines Corporation, points out that any unusual change in a person's behavior is a signal that something is going on that is emotionally disturbing to him.

Under stress, a person has a tendency to call heavily on his defense mechanisms: The aggressive person may become obnoxiously aggressive; the shy person may become even more withdrawn. That is a signal that they are facing unusual strain.

A number of symptoms usually signal that the personality is undergoing stresses that tend to throw it out of balance.

Dr. Harry Levinson of The Menninger Foundation says the most common sign of personality trouble is anxiety. This is the kind of excessive worry that keeps a man from concentrating, makes him restless, sleepless and fearful. But anxiety serves a useful purpose, also. It starts defense mechanisms to work.

In the Menninger publication, "Emotional First-Aid," Dr. Levinson points out that extreme depression or discouragement is another sign of personality trouble. This is depression over a long time, too, not just the ups and downs such as everyone has. Just the opposite of depression, and also a trouble sign, is continuous excitement, especially when it has no apparent reason.

Another sign of personality difficulty is avoiding others, especially when a normally sociable person suddenly withdraws.

(continued on page 85)



MATCHING MANAGER TO JOB

Research finds new measurements
for job responsibility,
performance, compensation

RESEARCH HAS DISCOVERED a new way to look at the executive job. It could help industry make better use of its managers by improving the procedures for selecting, appraising, developing and for paying executives.

The key finding of this research is that executive work can be boiled down to 10 dimensions or elements that are characteristic of lower, middle and upper management. With these job characteristics, an executive position can be described and compared with other executive positions which entail completely different duties. The dimensions range from staff service and supervision of work to personal demands and preservation of assets.

Another finding of the same research project indicates that, as executives climb to higher levels in their organizations, their new power often carries with it stricter conformity in personal behavior as well as new obligations for keeping the company reputation pure.

In arriving at the set of new dimensions by which executive jobs can be analyzed, the researchers devised a job description questionnaire. A manager who answers this can bring out the nature of his job and it can be studied against the scale of the 10 dimensions. It is expected that this can help pinpoint executive responsibilities, set objective guides for judging a manager's performance, show areas where his experience is lacking and provide a fairer basis for paying executives with similar responsibilities.

The findings are the first step in an ambitious program of research called The Executive Study. It is

aimed at finding out in the next few years the criteria for effective executive performance and how such performance can be predicted. The program is conducted by Educational Testing Service, Princeton, N. J., and is sponsored by several well known U. S. corporations.

Any new light on the nature of the executive job, is, of course, welcome today. Proper placement of executive talent may mean the difference between profit and loss in a company's operation. Increased competition has put pressure on managements to be stern judges of executive personnel. The growth of bonus incentives also calls for better means of appraisal and evaluation.

Over the years, fairly reliable methods have been developed for analyzing and describing jobs in the lower ranks of the work force. But attempts to devise accurate position descriptions for executives have frequently bogged down. Some of the reasons given are: Executives' jobs are too big and complex; two executives on the same level may operate in wholly different fashions and still get results; executives often tailor their jobs to fit their talents and interests.

A number of functions, it is widely agreed, are common to executive positions: planning, organizing, delegating, innovating, controlling, motivating, communicating, integrating; not to mention making decisions and getting others to work with you toward a common goal. Authorities on the qualities that make good managers also emphasize ambition, physical and emotional stamina, recognition of human limitations, powers of persuasion, a sense of values, a personal philosophy, and ability to serve the interests of customers, shareholders, employees and suppliers, as well as the community and government.

The administrators of The Executive Study, Drs. Lewis B. Ward and John K. Hemphill, decided that executive positions must be thought of as also including such elements as social restrictions, motives and individual demands in addition to the specific functions performed on the job.

Drs. Ward and Hemphill compiled a list of 575 possible elements of executive jobs from position description forms in current use, literature on managerial work and interviews with executives. Then 93 executives from American Brake Shoe Company, American Telephone and Telegraph Company, Diamond Gardner Corporation, Standard Oil Company (Ohio) and Westinghouse Electric Corporation answered whether or not each item listed as part of their jobs and to what extent.

The lists included position activities, requirements, demands and restrictions, and characteristics. It asked, for example, if the executive estimated the life of new construction, whether he was concerned with local political developments, was away from home at least 60 days a year, had a voice in the company policy, performed duties that are in a constant state of flux.

The managers in the study represented upper, middle and beginning management in the functional areas of sales, research and development, general administration, manufacturing and industrial relations. The researchers believe their sample fairly represented executives throughout industry, in large companies at least.

The replies of the 93 executives were systematically interrelated and compared to arrive at a set of dimensions that would include similar characteristics. The

idea was to get position characteristics general enough to cut across functional areas. No one dimension necessarily characterizes all executive jobs, and probably no one executive's job entails all the responsibilities, functions or demands of the 10 position dimensions. However, the analysis revealed that these 10 dimensions account for 99 per cent of the basic similarities of executive positions. Dimensions most frequently mentioned are listed first. These first few dimensions are more characteristic of lower and middle management positions.

The later dimensions are more common to upper manager posts. The dimensions are:

1. Staff service:

This dimension involves providing a staff service of some kind to superiors. These services may be in the fields of law, personnel, administrative procedure, or for some special projects.

The services include getting information, selecting employees, verifying statements and making recommendations. Executives whose jobs have this dimension aren't ordinarily involved with such activities as production of physical products, inventories, budgets and cost control, for example.

2. Work supervision:

This dimension involves the planning, organizing and controlling of the work of others. Managers whose jobs include this dimension are usually in direct contact with workers and their machines and are responsible for efficient use of machinery and motivating and maintaining a work force. Their jobs would not

likely involve dealing with market trends, forecasting or product improvement. Though this element is involved in a wide variety of jobs, it might be common to district traffic managers, division auditors, or section supervisors, just for example.

3. Business control:

In a position with this dimension, a manager's activities and concerns center on areas of cost reduction, maintenance of proper inventories, preparation of budgets, justification of capital expenditures, protection of company money or property, payment of salaries, determination of certain goals and enforcement of regulations.

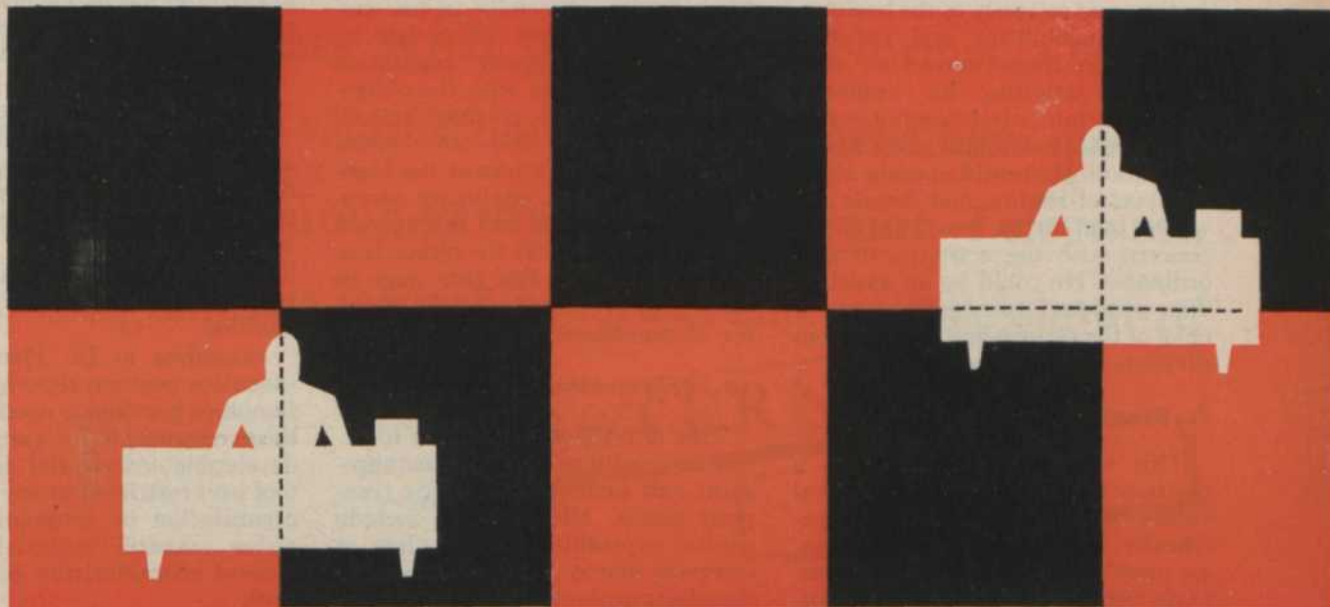
The man whose position is strong in these elements probably would not be meeting the public, representing the company, working with customers or getting involved in many details of work. He might be a budget administrator, manufacturing manager or division auditor, for instance.

4. Technical, products and markets, nonpersonnel:

This dimension is common to managers concerned with the development of new business, activities of competitors, and changes in demand for products and services.

Such an executive probably maintains customer contacts, consolidates and analyzes information and aids sales people with important customers. In this position he normally is not concerned with most personnel problems or industrial relations and has less than the usual restrictions on personal behavior. He may be vice president of sales, division director of

Analysis shows that the executive function is made up of
10 characteristics in varying combinations



High similarity of basic demands on executives in many companies points the way to better job description

research, engineering section manager or apparatus department sales manager, for example.

5. Human, community, social affairs:

This dimension of a managerial post indicates the need to work effectively with others in and out of the company. This executive is concerned with company good will in the community. He must maintain the respect of important persons, speak before the public and size up people correctly. He nominates key people for promotion, appraises performance and picks other managers. His job necessitates participation in community affairs, belonging to clubs and being active in civic organizations. His activities usually keep him busy on other than material or economic matters related to the business. He could be a general manager of the retail division, or division employment supervisor or regional manager, for example.

6. Long-range planning, professional:

An executive with this dimension in his job will probably be concerned with the long-run future of his company. He will be involved with new ideas, industrial relations, management development, long-range objectives and solvency of the business. His responsibilities and concerns would also likely extend to what business activities his company should get into, what existing or proposed legislation might affect his organization. He would operate above the level of routine and details and would tend to be free from direct concern with the activities of subordinates. He could be an assistant vice president for engineering, or chief of the process and development division, for example.

7. Broad power and authority:

This dimension characterizes a position with wide power and final authority in a number of areas. Specifically, this executive may visit major units of the company each year, make recommendations on impor-

tant matters, interpret organization policy, use staff people and know about company performance. He has unusual freedom of personal action and high status. He might be a general sales manager, general manager of a division, vice president of manufacturing or assistant vice president for personnel, to name a few position titles.

8. Business reputation:

Responsibility for the company's products or services is an important duty in the position with this dimension. Public relations may also be a responsibility. The holder of such a position is involved with product design, quality, product improvement, complaints about products or services and general good will of the company. This post makes strict demands on his behavior, particularly those that might reflect on company reputation. The position has high status and does not include detailed reporting or data analysis. He may be vice president for purchases and traffic, employment manager or plant manager.

9. Personal demands:

An executive whose position strongly involves this dimension or characteristic must show unusually great concern with the propriety of his behavior, especially in his contacts with superiors. He is less involved with company reputation and good will than with the obligations he senses to conduct himself in the image of the conservative businessman. He works at the highest staff levels in analyzing operations, setting goals and taking part in decisions made at the pinnacle of his organization. His title may be vice president, controller or director of purchases.

10. Preservation of assets:

This dimension is common to executive positions in upper management and involves preserving company assets. His concerns include capital expenditures, taxes, loss of company money. He is authorized to sign documents obligating the organ-

ization. He doesn't get involved with industrial relations or technical operations. He could be called advertising and sales promotion manager, or vice president of purchases and traffic.

In the executive job dimensions study, no chief executive officers of companies were questioned; however, several of the dimensions would be common to this top position. Also, in most cases there will be some part of a position that apparently is not covered by any of the 10 dimensions. But, as Drs. Ward and Hemphill point out, any further extension of the position dimensions would probably account for a significant part of only a minute number of positions.

Though the dimensions are listed roughly in order of lower to higher management jobs, the tenth dimension is not necessarily more common to a higher position than is the ninth or eighth or seventh dimension. However, at the upper management levels are positions which include all of these last dimensions.

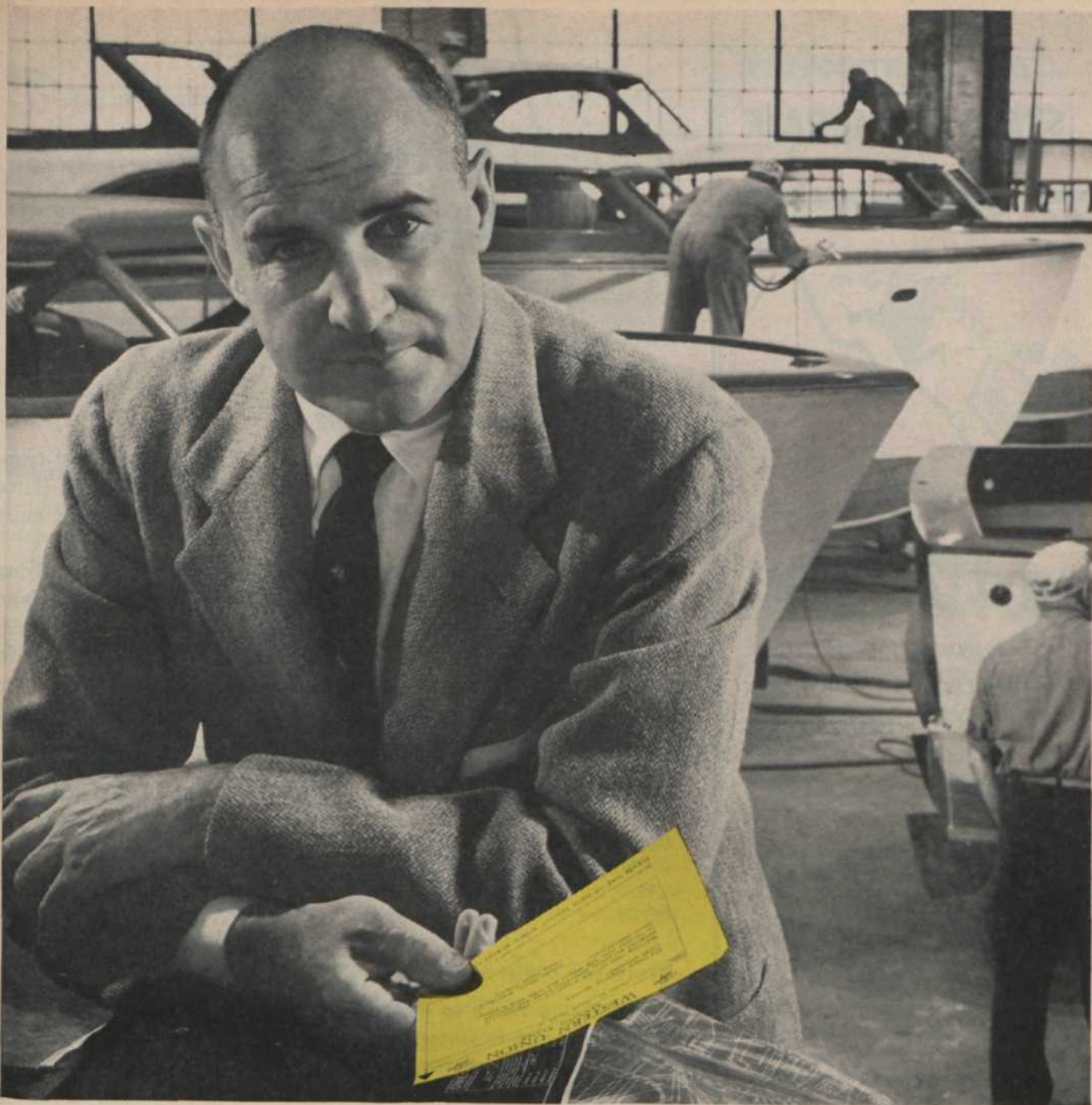
Effective managerial performance, as the researchers note, can't be predicted without some knowledge of the common denominators of executive work. That's why this study into executive job characteristics was a natural preliminary project in The Executive Study. Only after measures of effective managerial performance have been developed can tests be constructed for predicting executive ability and potential—an ultimate objective of The Executive Study.

Dr. Hemphill suggests that, in using the new position description questionnaire, a manager and his superior might each fill out a form as to the manager's job. Their responses would then be evaluated on the scale of dimensions and a position profile drawn after discussion between manager and superior. A more exact description of job and responsibilities would then be possible.

Or, in a management development program, an executive could be asked to answer the position questionnaire not only as to present job but past positions in order to determine his experience. With this information on several managers, job rotation could be more efficiently handled.

According to Dr. Hemphill, the executive position description questionnaire provides a needed tool for those responsible for managing and developing managerial talent. The tool isn't restricted to any particular organization or program and furnishes scientific information about general characteristics of executive work.

END



He launches boats with telegrams: Norman Owens, President of Owens Yacht Company, announces new models to his dealers by attention-getting Western Union Telegrams. And the telegram is a written record... no mistake about it!

**WESTERN
UNION**

STEPS UP MORALE



NYL-A-PLAN


New York Life's insurance service for firms with 5 or more employees

Nyl-A-Plan offers your employees the convenience of paying their insurance premiums through payroll deductions with savings to them averaging $3\frac{3}{4}\%$ over regular individual monthly rates.

In addition, the services of our trained representative are available to explain to your employees the value of the benefits you provide—emphasizing how much of their cost you pay. He can help each employee properly integrate company and personal insurance plans. And any new personal insurance needed can be bought at the lower Nyl-A-Plan rates.

Nyl-A-Plan can help you hold key personnel, boost morale and efficiency—all at practically no cost to you. For a free booklet that tells you how your company and its employees can benefit by installing Nyl-A-Plan, write to the address below.

NEW YORK LIFE

INSURANCE  COMPANY

51 Madison Avenue, New York 10, N. Y.
(In Canada: 320 Bay Street, Toronto, Ontario)

Life Insurance • Group Insurance
Annuities
Accident & Sickness Insurance • Pension Plans

Executive Trends

Hidden men on your payroll?

Today, as top managers scrutinize their operations for cost-trimming purposes, obvious frills are being snipped off quickly. Some companies, however, are probing deeper and finding even more fruitful areas for cost reduction.

Job analysis is an effective tool for detecting trouble spots. Using it, one corporation uncovered several hidden men on its payroll who were drawing executive pay for trivial jobs. One man, it was discovered, was faced each day with this responsibility: He had to sort customer complaint mail into two piles for his two assistants to process and answer, then receive the answered letters at the end of the day and see to it that they were mailed.

► *Are there hidden men on your payroll? It pays to look. Paperwork is another good place to start your cost-cutting campaign. One organization had all its printed forms—running into the hundreds—placed on tables in the plant cafeteria. Then executives trooped through, initialing only those forms they considered essential. At the end of one hour and 30 minutes it was found that 98 forms bore no initials. These were immediately discontinued at a savings to the company.*

Time for plain talk

As managers strive to streamline communications in every way, they face a new handicap. It's the language of social scientists and some other scholars. Managers are dealing with these specialists more today as they turn to universities for basic research and ideas on motivation and other problems.

Executives are getting reports about "structured situations," "organizational constructs," "conceptualization of the executive," and "the personality hierarchy." In one management journal, an academic writer recently referred to the "Proteus-like area" and, apparently conscience-struck, added a footnote to explain that Proteus was a prophetic sea god of Greek mythology.

► *One executive who has dealt with industrial psychologists for years notes that usually "the longer the psychologist has been out of graduate school the easier it is to understand him, and the more he writes to express, not impress."*

Get more from research

One of industry's top research executives, Dr. C. Guy Suits, vice president and director of research for General Electric Company, feels that since practically all goods and services are becoming increasingly complex and technical, more industries that have been

spending little for research will have to pour more money into this area.

Though prediction of specific discoveries usually is impossible, Dr. Suits notes, much can be done to anticipate and encourage discovery in a specific sphere. This can be done by applying the proper research skills to an investigation and motivating the researcher properly. "Knowing what to look for and what would be important to find are, of course, significant attributes of a successful researcher," he adds.

► Research authorities are talking more about the steady build-up in new product development. This activity has accelerated in the past three to four years and will begin paying out about 1960. Look for many new products to appear after a substantial pickup in business gets underway. Areas where new product ferment will be great include electronics, chemicals, drugs, and other industries where competition is keen.

What builds worker satisfaction?

Interest in the attitudes of white collar workers continues to run high in management.

Karlton W. Pierce, manager of the Industrial Relations Analysis Department of the Ford Motor Company, says the attitude survey is one of the best means of finding out what white collar workers really think about their company and their jobs.

Mr. Pierce says his company has found that employees' needs are related to specific situations and that the relative importance of any particular need varies from plant to plant and from department to department. Ford also has found that needs, even within a small group of workers, change quickly in response to freshly initiated actions on the part of local management.

► General factors which influence job satisfaction, Mr. Pierce explains, include the following: 1, good pay and fringe benefits; 2, sound administration of salary and related policies; 3, opportunity and fairness in promotions; 4, full use of individual skills, ability and experience; 5, recognition of the individual white collar worker as "the right arm of management."

Management memos

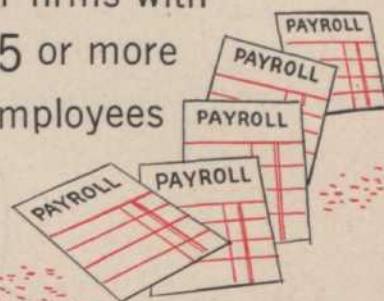
The board chairman of one of the world's largest banking institutions showed recently that he has a sharp eye for little figures, too. After the hotel waiter brought him the breakfast check for his party, the board chairman quickly totaled it and called the waiter back to demand a correction in the addition. . . . Health note: One large company, headquartered in New York City, maintains a massage parlor for its weary executives. . . . University of Michigan doctoral dissertation reveals that a company's investment policies depend a lot on its personality. Conservative businesses, the study finds, generally expand only in response to increased demand for their goods. Progressive concerns are more willing to change their products, count on increased sales to finance growth. . . .

"Colonel syndrome." That's term many Washington, D. C., doctors use to describe common capital ailment—the military or civilian official who thinks he's most vital cog in whole machinery, suffers ulcers, nervous tension as a result. Physicians prescribe: Take yourself less seriously. . . .

American Management Association canvassed present and former assistants to presidents, found: Nature of this job differs widely firm to firm; more than 250 duties were listed; lack of clearly defined authority was key problem cited by assistants to presidents.

Welcome News...

for firms with
5 or more
employees



MAJOR MEDICAL INSURANCE

is now included in
**NEW YORK LIFE'S
EMPLOYEE
PROTECTION PLAN**

MEDICAL CARE BENEFITS in New York Life's Employee Protection Plan can now, in most states, include *Major Medical Insurance* to help provide financial aid when very serious illness or injury strikes. Supplements basic benefits that help meet hospital, medical and surgical expenses due to non-occupational accidents or sickness. Several benefit schedules available for insured employer, employees and their dependents.

Plan also provides employer and employees with these modern benefits . . .

LIFE INSURANCE payable at death to beneficiary. Accidental death benefit optional.

WEEKLY INDEMNITY BENEFIT payable for total disability due to non-occupational accident or sickness. Different amounts and benefit periods available.

NEW YORK LIFE can design an Employee Protection Plan based on all or a combination of these benefits to fit your company's needs. Ask your New York Life agent for facts now or write to address below.

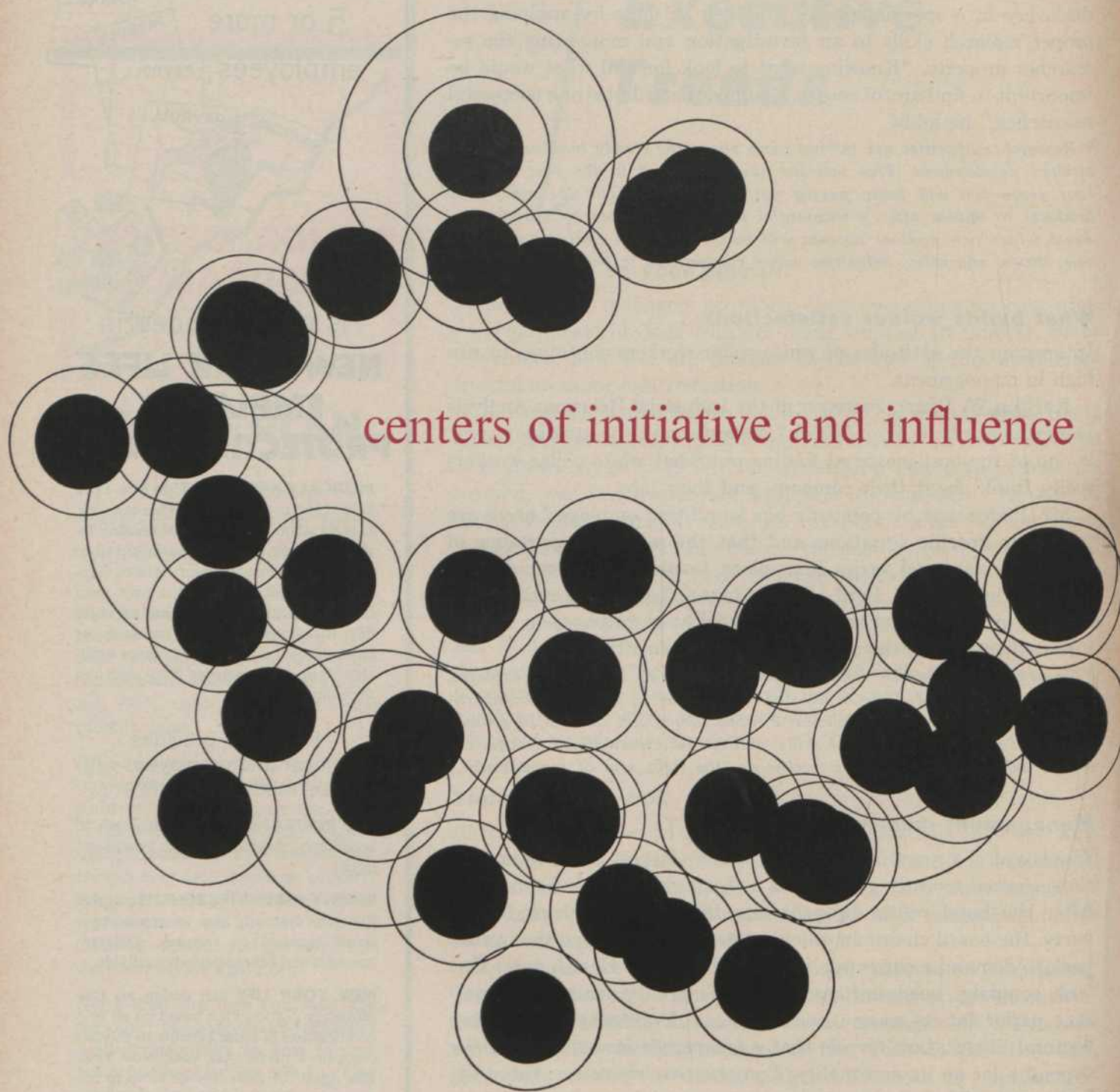
Individual policies or a group contract may be available, depending upon number of employees and applicable state law.

NEW YORK LIFE INSURANCE COMPANY

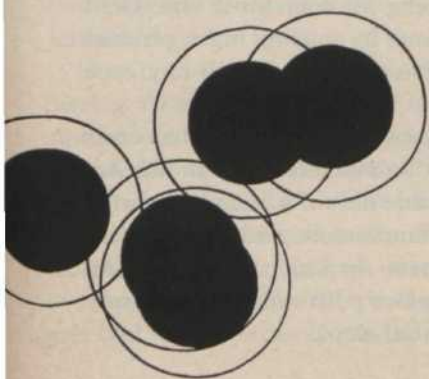
51 Madison Avenue, New York 10, N. Y.
(In Canada: 320 Bay Street, Toronto, Ontario)

A Mutual Company  Founded in 1845

The New York Life Agent in
Your Community is a Good Man to Know



centers of initiative and influence



Who supports the work of the
National Chamber?

More than 22,000 Business
Members—firms, corporations
and individuals; and

More than 3,400 Organization
Members—local, state and
regional chambers of commerce,
and trade and professional

associations. They pay
membership dues. A copy of the
dues schedule will be sent you
on request. But supporting the
work of the National Chamber
involves more than financial
support. Members contribute
more than money. They also
contribute time,

thought and effort. National
Chamber members are conscious
of their responsibilities

to society. They take an active
interest in strengthening and
improving the American
competitive enterprise system.

They are centers of information,
initiative and influence.

They study the big issues of the
day affecting business and the
economy. They share their
wisdom and views with Congress.

They work in partnership with
other businessmen to help
formulate national policies,
and to help solve national
problems for the complete good
of the country. Write for a
copy of our progress report,

“The Work of the
National Chamber.”

It is brief, to the point,
worth reading.

Here's key to **profit planning**

This formula can
help you gear
pricing to
current conditions

COMPANIES ON THE ALERT for new ways to keep profits up in the face of rising costs and a more competitive market are watching today for new products to help absorb fixed expenses and make full use of plant capacity.

In today's market, accurate pricing can make or break a new product which under easier conditions might have made money without question.

When the total market is not growing, a product must cut into a section of the consumer's dollar that is going for something else. Or it must compete with savings. This can be done by putting out a product that consumers want at a price so attractive that people will buy even at the sacrifice of other things.

Launching a new product under such conditions requires that costs be as low as possible and that the product be marketed at a profit. Accurate calculations of profitability are possible only if a complete costed plan is developed in advance—both for manufacture and distribution.

Assuming that the product is not brand new—in which case it requires special marketing consideration—but competes with something already on the market, this plan involves four essential steps.

1. An accurate appraisal of the market.
2. Calculation of the costs of making and distributing.
3. Determination of the target selling price on the basis of probable costs.
4. Selection of the best selling price based on costs and market factors.

Although these steps are suggested primarily for consumer products, they will serve as guides—with alterations—for industrial products as well.

Market appraisal

Normally an introductory step in launching a new product will be a market survey intended to answer three questions.

What have you got?

- a. Does your product have features that are different?
- b. What are the advantages of your product that might make people pay more?
- c. Has anything like it been tried?
- d. What is the competition?
- e. What are the competitive prices?

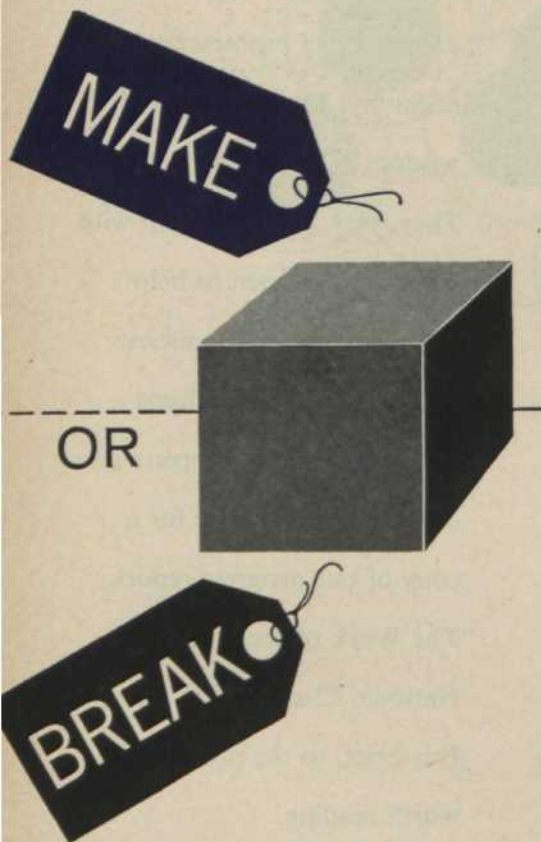
Who's going to buy?

- a. How many can you sell and at what price levels?

Where will they buy?

- a. Will the product fit into your distribution system?
- b. If not, will its profit potential warrant setting up a new system?
- c. Are the distributors already handling a competing product and, if so, what will you have to do to persuade them to handle yours?

"The survey must find the present buying mood of the customer, not what he was willing to buy last year" says Arthur H. White of Stewart, Dougall and Associates. "Currently it must take into account, for example, that he has been tightening his belt on durable goods,



while he's still buying food, gasoline, drugs and shoes on about the same level."

In the industrial field accurate market information is also important. The demand for capital goods is more rational and is largely governed by the way the product affects the buyer's costs and, it follows, the rate of return. A general sampling should be made of the various segments of the market, based on studies of representative firms. This applies particularly to firms selling machines and equipment to other firms.

One producer of materials handling equipment came to grief through his failure to find out what his equipment would do for the customer. His pricing decision was based instead on his own costs and usual rate of return. When purchasers figured their own costs, the pricing proved so high that the product wasn't of interest. Eventually, it was withdrawn from the market.

When the market appraisal has shown how many of the product are likely to sell and in approximately what price area, the advertising and promotion program can be sketched in for the various price levels. The distribution pattern can be set up. It is possible to consider the alternative methods of manufacture for the different levels of volume and determine the costs for each of these levels.

How important it can be for the production department to know these market facts is illustrated by one department that didn't. A company started out to make a component for a machine tool without knowing the market in advance. In the beginning, the product was made out of bar stock. Later, the market was found to justify forging which was faster and reduced unit prices. So management threw away the original tooling to tool up on high production machines. For its neglect, the company suffered from original costs that were far higher than necessary and had to take a heavy loss on its first tooling.

Cost calculation

When the market and general methods of manufacture are known, costs can be assembled and a target price determined.

The target price should be one that will improve the profit situation. It may, at first, be a decrease in the losses on other products, or it may increase the current profit yield.

In determining this price, we will select a hypothetical product—Product A—and follow a pricing formula particularly appropriate for current business conditions. It includes these steps:

1. Compute the variable costs of manufacture.

Variable costs, as used here, are those which vary directly with the changes in the volume of production or sales throughout the normal range of activity. They include direct material, direct labor, certain classes of indirect labor, clerical help, supervision, supplies, freight, field travel expenses of home office staff, sales commissions, discounts, compensation, insurance, etc.

For Product A, the variable manufacturing costs are:

Direct material	\$4.50 per unit
Direct labor	1.00 per unit
Variable overhead	1.00 per unit
Total variable manufacturing costs	\$6.50 per unit

2. Next the variable costs of sales and administration as a percentage of the sales dollar are computed:

Commission	5.0%
Variable sales expense	2.0%
Variable administrative expense5%

(continued on next page)



FINANCIAL CONSULTANTS BUSINESS BROKERS ACCOUNTANTS ATTORNEYS BANKERS:

'20,000 to \$5,000,000
AVAILABLE FUNDS FOR

- Instalment Financing
- Accounts Receivable Financing & Factoring
- Rediscounting
- Inventory Loans
- Machinery & Equipment Loans
- Acquisitions; Mergers

Liberal Commissions to
New Business Solicitors

STANDARD FINANCIAL

CORPORATION

530 Fifth Avenue • New York, N. Y.

Subsidiary Companies:

FACTORS CORPORATION OF AMERICA
1315 Walnut Street
Philadelphia, Pa.

STANDARD FACTORS CORPORATION
403 West Eighth Street
Los Angeles 14, California

TEXAS FACTORS, Inc.
Fidelity Union Life Building
Dallas, Texas

Resources \$40 Million

PHOTOS
ONE OR A
MILLION

Write or Phone
For Complete Price List
HO. 7-6178
Q UANTITY PHOTOS, Inc.

24 HOUR SERVICE
**YOU CAN'T BUY A BETTER
PHOTO AT ANY PRICE!**
FREE DELIVERY ANYWHERE IN U.S.

1000 8x10 Glossies 7c ea.
5509 SUNSET BLVD.
HOLLYWOOD 28, CALIF.



To The Man Whose Wife HAS EVERYTHING

Give her a most unusual gift for her birthday, anniversary or any happy occasion. Give her a unique and practical gift she'll always appreciate — the **SPRUCE ELECTRIC MANICURIST!** She'll think of you everytime she uses it. The **SPRUCE** is easy and simple to use. Makes manicuring a pleasure. Handsomely designed, it measures only 5 1/2" in diameter. Furnished with basic attachments for a complete manicure or pedicure. Recommended by doctors for safely removing calluses and corns from feet. Send check or money order now. \$29.95 postpaid anywhere in U.S.A. More than 25,000 happy users. Satisfaction guaranteed, or money refunded.

ABAR MFG. CO., 8731 Woodland Avenue, Cleveland 4, Ohio

PROFIT PLANNING

continued

Shipping	1.0%
Returns and allowances	1.5%
Total variable sales and administrative expense ..	10.0%

3. Now we set up an estimate of desired marginal income—defined as the amount left in the sales dollar after all variable costs are covered. It expresses the percentage of each sales dollar produced by the sales of the new product which is available for payment of any fixed expenses that may result from the product's introduction, plus an allowance for the profit that the company wants to make. This marginal income may be the average for the company products, or it may be based on what it takes to get the product into the market.

In this case, let us arbitrarily set a figure of 25 per cent. This is an assumed figure, which will be affected by many other factors to be taken into consideration.

4. Now we add these two figures:

Variable administrative costs	10%
Marginal income (for fixed costs and profit)	25%
Total	35%

5. The sales price is taken as 100%

6. The next step is to figure the variable manufacturing costs as the permissible percentage of the sales dollar. To do this, we subtract the percentage of variable costs—35—from selling price—100 per cent—leaving 65 per cent. This is the permissible manufacturing cost.

The target selling price

Now we are ready to calculate the target price of the product. For this, we use the following formula: Divide the total variable manufacturing costs—\$6.50—by the permissible manufacturing costs—65 per cent. The answer, \$10, gives us the target price.

Now to justify the marginal income.

Marginal net income by product will vary considerably with the additional investment occasioned by the new product in working capital, capital investment (new land, buildings, tools, etc.), research and development costs, engineering and the initial promotion load.

If the preliminary analysis has resulted in a good appraisal of additional fixed costs, which the new product creates, the profit which can be anticipated through the new product can be more accurately estimated.

Many fixed costs, such as administrative salaries, will probably not be increased because of the new product. These should, therefore, be disregarded in this evaluation. However, if adding the new product is going to increase any of these expenses, they should be considered, too.

Now let's put these things in terms of dollars.

The dollar sales volume, multiplied by the marginal income estimate—25 per cent—gives the actual dollars provided for the absorption of fixed costs and profit.

If the anticipated dollar sales volume is \$1 million, then this figure would be 25 per cent of \$1 million or \$250,000. And let's say the fixed expense made necessary by the decision to produce the new product is \$100,000 a year.

Now let's figure the profit. As the term is used here profit is "The amount by which the aggregate marginal income dollars for the period overabsorb the fixed expense."

After the marginal income, in this case \$250,000, has absorbed the increased fixed costs—\$100,000—we have left \$150,000, or the profit in terms of dollars. This is the amount the new product will contribute toward the company's profit improvement. Divide this by total sales—



VS



\$1 million—and we get the percentage of profit on the additional volume produced by the new product—or 15 per cent.

The best selling price

In calculating this target price, we have used a marginal costing formula based on covering direct costs and new fixed costs and making some contribution to overhead—but not making a proportionate contribution to current fixed costs, which would exist whether we had a new product or not.

This formula is particularly applicable when market conditions force the price as low as possible. However, it could not be applied to all new products indefinitely or a situation might develop where none of the new products were covering fixed costs. In the long run, new products must cover all costs, both fixed and variable.

Now the pricing job is about half-way done. After this basic acceptable minimum price is calculated, the job ahead is to determine over-all pricing strategy and select the specific price for the new product which provides the optimum profit.

"In this area," says Ralph Van Hoorn, of Cresap, McCormick and Paget, management consultants, "there are few formal guides, and you are in effect calculating as best you can the probable actions of competitors as well as potential customers."

The action of your opponent in this game can be determined fairly accurately by figuring his costs.

"Logically, the principal basis for price calculation should not be a company's own costs but the probable costs of the most likely type of competitor," says Dr. Warren Gustus of Joel Dean and Associates, management consultants. "Your own costs serve mainly as a point of departure in estimating theirs. Knowledge of the cost hierarchy of your industry and the technology and size of your rivals' plants is important for translating your own cost figures into estimates of the competitors' costs."

One major company, for example, in setting a price in an area where it has the price leadership, first estimates the costs of its best-situated competitor to determine whether its price lead will be followed.

Some idea of competitors' costs can be gathered from a market survey, but they must be studied more carefully—not only manufacturing costs but costs of sales, advertising, promotion and so on. The harder it is for a potential rival to enter the field successfully, the higher a company can set its own price. Under ordinary conditions, the price should be high enough for satisfactory profits and low enough to keep the competitors out. This is sometimes known as stay-out pricing.

Stay-out pricing is the guiding philosophy of many leading producers of automotive parts and accessories. Their big customers are always potentially on the verge of producing the product themselves. Projecting the costs of these strategic invaders will always be a major pricing factor in this industry.

The alternative to stay-out pricing is creaming the market. In this operation, a company takes advantage of an original monopoly.

For example, one company priced a new product at \$5 and did well before the competition came in. Then it cut to \$1 and continued—still making a healthy profit.

"In a creaming operation, you take the risks of inviting in too many rivals," says Charles P. Hawkins, vice president, Trundle Associates, Cleveland, Ohio. "The thing is, if you get too juicy a marginal income, you're going to have bedfellows."

Actually so important is the competitive price situation that in some cases costs may be tailored from the beginning to fit a predetermined selling price. A manufacturer of model airplane kits, for example, starts with a target price and works backward by first deducting desired man-



Sometimes a target price
can be set and costs
tailored to fit



Most reliable check:
give customer chance
to buy under
market conditions

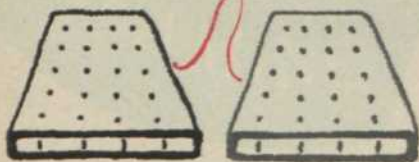
PROFIT PLANNING

continued

**NAME
BRAND**

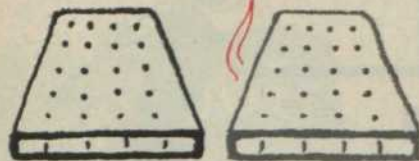
**NO BRAND
BUT
IDENTICAL**

**SAME
PRICE**



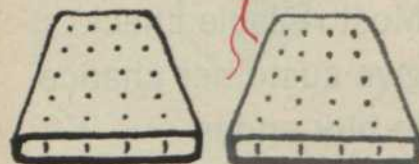
15 to 1

-\$5



8 to 1

**25%
off**



equal sales

ufacturer's profit and finally selecting the components whose costs will not exceed what money is left over.

The general methodology described here is not as extreme as this, but it gives primary consideration to the market situation. For example, it is recommended, after the tentative price is evolved, that a market test be made to supplement the original market survey. The most reliable way to check out estimates of market size, product and pricing strategy and their effect on price is to give the potential customer a chance to buy the product in a realistic marketing situation.

For example, identical mattresses, some bearing an advertised brand name and others an unknown brand, were offered for sale, first at the same prices and then at various price spreads, to determine the effect on sales. With equal prices, the known brand outsold the other 15 to one. With a \$5 discount on the unknown brand, sales were eight to one. With a 25 per cent discount, sales were equal.

Strategy in pricing extends not only to competitors but to staying one jump ahead of customer reactions—psychological and otherwise. For example, it may be smarter to price a product at \$9.98 instead of \$10. There's a whole bag of tricks in this area of pricing which every smart merchant knows—but probably can't explain. For instance, nobody seems to know why a product sells better at \$98 than at \$92.

"When shooting for a new low price segment of the market not previously exploited by competition, a firm needs to be sure the price differential is large enough to attract customers," says Mr. Hawkins. "If the lowest priced units were previously \$200, shoot for \$149 or lower. A 25 per cent or 30 per cent differential will usually be attractive enough to broaden the market through hitting those who have wanted to buy but have held off for a better price."

Prestige of company and product can be another intangible factor. And price in itself lends prestige. For example, a recent survey by the Bulova Watch Company showed that the higher-priced brands tend to obtain a higher share of the gift market. The customer wants to pay more to make sure the gift watch is the finest possible buy.

Another underlying factor must be considered, one that sometimes has psychological implications: Does the product fit in with the company's line and previous pricing policy?

Strategy also extends to the area of distribution—to answering the distributor's question: "What's in it for me?" Here, however, it tends to boil down to hard-headed bargaining over returns for services rendered, which in turn revolve around the distributor's own costs.

These actual mechanics of getting the product on the market exert a direct and unceasing influence on price. Allowance must be made for deals with distributors. It is necessary to take into account the structures of discounts, allowances and price concessions. The pricing must also take into account the cost of encouraging potential customers to buy during an introductory period.

Estimating these factors shrewdly and objectively calls for specialized training and experience. Pricing cannot be established entirely by formula. Combining all pertinent elements into a pricing policy requires skill and judgment. Accurate facts are essential but in the last analysis someone must pull all the factors together and make his own decision.

When all calculations have been made, total profit can be estimated. A firm can then express this as a percentage of total investment. When it compares this with other opportunities for new products, it can decide which, if any, would give a greater or a smaller return. It is then ready to decide which one to put its money in; or whether to invest it elsewhere.—PHILIP GUSTAFSON

REPRINTS of "Here's Key to Profit Planning" may be obtained for 15 cents a copy or \$10.50 per 100 postpaid, from Nation's Business, 1615 H Street N. W., Washington 6, D. C. Please enclose remittance.

WHY PEOPLE ACT

continued from page 71

There are other signs of stress but the basic thing to remember is this: A person under strain is likely to display some change in his normal behavior.

Insecurity

Dr. Walter Woodward, psychiatrist at American Cyanamid Company, maintains that the crux of emotional trouble in business comes from feelings of insecurity. That is true from the lowest level laborer to the top executive, he says. Dr. Woodward says no one feels he is doing the job someone thinks he should (and that someone may be himself). Everyone feels that he isn't quite as good as he should be. People cover these feelings of insecurity in different ways. The small boy whistling while passing a graveyard is a good example of someone covering his insecurities.

One psychiatrist says more than one top level executive has admitted to him privately: "I was really scared about that decision." The executive would never admit this to associates. To them, he represented the completely confident man. He was the decision-maker. Yet he was scared. We all are, Dr. Woodward says, and it will help in our dealing with people if we realize this fact.

Knowing these things about people—the distorted pictures you get, the efforts to keep the personality in balance, the signs of stress, and the common feelings of insecurity—just what can you do about it?

Dr. Woodward said that, although he was almost reluctant to mention it since it has been written about so much, one of the most important things to do is to communicate.

Quite often a person's deep feelings of insecurity, thus poor work, may be cured quite simply by saying, "Joe, you're doing a good job."

You can't always be sure what's worrying a person. Sometimes a little discreet questioning will bring it out. Then, like all problems involving human beings, it will have to be dealt with individually. Perhaps it may be best to put off asking the man to make an important decision until later. Perhaps, like the example of the man who didn't want to join coffee breaks, it might be best just to leave him alone.

At any rate, knowing your people well enough to know that they are displaying symptoms of stress is a help. It doesn't necessarily make the problem of dealing with them any less real, but at least you know more about what you are up against. **END**



Stay home, young man!

Horace Greeley would agree with me, Jack, if he were alive today. No longer need the ambitious man "Go West"—or East, or North, or South, for that matter—because he can find his opportunity right in his home town.

Yes, Jack, your challenge is in your own community. There is a lot of pioneering to be done here. A lot of planning and building. A lot of developing and improving. A lot of growing. The man of action is needed at home. The man of imagination. The man of initiative and ambition.

And the combined efforts of men of that caliber—men like you, Jack,—promote the welfare of our community through our local chamber of commerce, where these efforts are coordinated and given direction to make Our Town the real "land of opportunity."

That's why my advice to you is: Shape your future here. Join our local chamber of commerce and identify yourself with our civic leaders. Grow with the community. You'll find the grass is just as green here—or greener—than it is on those far-away hills.

Pete Progress

Speaking for
your local Chamber of Commerce

TURN-TOWLS

serve 2,000 employees for
only \$2,056.00 per year!



A St. Louis, Mo., firm reports these figures based on last year's use of Mosinee Turn-Towls.

Check your own cost of towel service — and see how the efficiency of this top quality towel and cabinet combination can pay off for you.

BAY WEST PAPER COMPANY

1102 W. Mason Street, Green Bay, Wis.
Subsidiary of Mosinee Paper Mills Co.

YOU HAVE AN EXECUTIVE FRIEND

—who would also enjoy
this issue of
Nation's Business

Simply fill in and mail this coupon.
We'll send him a copy of this July
issue . . . no charge of course.

Name _____

Address _____

City _____

Company _____

—Clip and mail to—

NATION'S BUSINESS
1615 H St, NW, Wash 6, DC

ADVERTISERS IN THIS ISSUE • July 1958

	PAGE		
Abar Manufacturing Company.....	81	Investor Service.....	69
<i>Scheel Advertising, East Cleveland</i>		<i>Diener & Dorskind, New York</i>	
Air Express, Division of Railway Express Agency.....	11	Kentile, Inc.	4th cover
<i>Burke Dowling Adams, New York</i>		<i>Benton & Bowles, New York</i>	
Aluminum Company of America...	15	Marsh Wall Products, Inc.	18
<i>Ketchum, MacLeod & Grove, Pittsburgh</i>		<i>Howard Swink Advertising, Marion</i>	
American Credit Indemnity Company.....	14	Mayers, L. & C., Company, Inc.	62
<i>VanSant, Dugdale, Baltimore</i>		<i>Petrick, Amandolare & Doynow, New York</i>	
American Telephone & Telegraph Co., Inc. (LL).....	1	Milwaukee Dustless Brush Company	67
<i>N. W. Ayer, Philadelphia</i>		<i>Al Herr, Milwaukee</i>	
American Telephone & Telegraph Co., Inc. (Inf.).....	87	Monroe Calculating Machine Company.....	43
<i>N. W. Ayer, Philadelphia</i>		<i>L. H. Hartman, New York</i>	
Armco Drainage and Metal Products, Inc.	59	New York Life Insurance Company	76, 77
<i>N. W. Ayer, Philadelphia</i>		<i>Compton Advertising, New York</i>	
Bay West Paper Company.....	86	Operator NB.....	62
<i>Klau-Van Pietersom-Dunlap, Milwaukee</i>		<i>Conner Advertising, Denver</i>	
Beech Aircraft Corp.	28	Oxford Filing Supply Company.....	63
<i>Bruce B. Brewer, Kansas City</i>		<i>Kelly, Nason, New York</i>	
Burroughs Corp.	6	Paillard Incorporated.....	45
<i>Campbell-Ewald, Detroit</i>		<i>Fuller & Smith & Ross, New York</i>	
Butler Manufacturing Company.....	10	Parker Pen Company, The.....	23
<i>Aubrey, Finlay, Marley & Hodgson, Chicago</i>		<i>Tatham-Laird, Chicago</i>	
Carrier Corp.	4, 5	Photo Lab, Inc.	69
<i>N. W. Ayer, Philadelphia</i>		<i>Ernest S. Johnston, Washington</i>	
Chamber of Commerce of the U. S.....	78, 79	Pitney-Bowes, Inc.	3rd cover
<i>Direct</i>		<i>L. E. McGivena, New York</i>	
Chamber of Commerce of the U. S.....	85	Quantity Photos, Inc.	81
<i>Direct</i>		<i>Sylvan Pasternak, Hollywood</i>	
Dodge, F. W., Corp.	12	Recordak Corp.	19
<i>G. M. Basford, New York</i>		<i>J. Walter Thompson, New York</i>	
Dow, Jones & Company, Inc.....	67	Remington Rand	24
<i>Batten, Barton, Durstine & Osborn, New York</i>		<i>Paris & Peart, New York</i>	
Eastern Express, Inc.	69	Standard Financial Corp.	81
<i>Kuttner & Kuttner, Chicago</i>		<i>Bozell & Jacobs, New York</i>	
Eastman Kodak Co. (Verifax).....	57	Stran-Steel Corp.	2nd cover
<i>J. Walter Thompson, New York</i>		<i>Campbell-Ewald, Detroit</i>	
Frick Company, Inc.	62	Surface Combustion Corp.	69
<i>Waynesboro Advertising, Waynesboro</i>		<i>Beeson-Reichert, Toledo</i>	
General Electric Company (Lamp Div.)	47	Sylvania Electric Products, Inc.	13
<i>Batten, Barton, Durstine & Osborn, Cleveland</i>		<i>J. Walter Thompson, New York</i>	
Hartford Fire Insurance Company Group.....	20	Texas Company	17
<i>Marschalk & Pratt, New York</i>		<i>G. M. Basford, New York</i>	
Insurance Company of North America.....	53	Travelers Insurance Company	27
<i>N. W. Ayer, Philadelphia</i>		<i>Young & Rubicam, New York</i>	
International Harvester Company, Inc. (Farm Equipment Div.)	49	Tropical Paint Company	62
<i>Aubrey, Finlay, Marley & Hodgson, Chicago</i>		<i>Fred M. Randall, Detroit</i>	
		Vantage Press, Inc.	69
		<i>Metropolitan Advertising, New York</i>	
		Western Union Telegraph Company, Inc.	75
		<i>Benton & Bowles, New York</i>	



THIS YEAR

THE BELL SYSTEM IS PUTTING MORE THAN TWO BILLION DOLLARS IN NEW FACILITIES

We are doing this because we are confident that growing America will need, buy, and use more telephone service tomorrow than today.

We are doing it to improve our service further and make the telephone even more convenient. This we are sure will stimulate more use.

These 1958 expenditures are higher than the average in the post-war years—and close to the highest in any year.

A stimulus to the economy of the whole country

Our goal, as I have said, is to serve you better than ever. In addition, the way this money flows out to other businesses stimulates the economy of the whole country.

Wherever there are new telephone buildings going up, or jobs of maintenance, there is work for local builders, carpenters, plumbers, electricians, painters and many others.

Our spending means business too for thousands of other companies and workers in those companies. Last year the Bell System through Western Electric, its manufacturing and purchasing unit, bought from 33,000 firms throughout the country. Nearly nine out of ten of these are small businesses, each with fewer than 500 employees. This year again we expect to buy about a billion dollars worth of goods and services from other industries.

To go ahead with our 1958 construction, we in the Bell System have raised nearly a billion dollars of new capital in the last six months. Obviously, in-

vestors will continue to entrust their savings to us only if they can expect reasonable earnings on the money they risk.

Good service at reasonable profit keeps the road to progress open

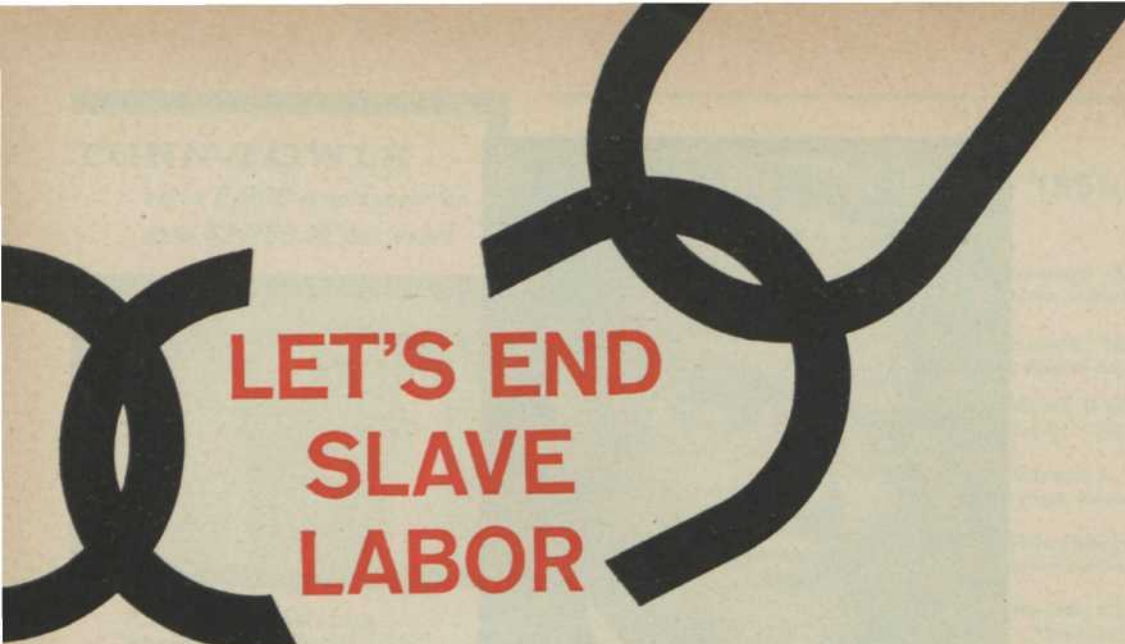
So telephone progress—and the advantage to all that comes from our pushing ahead—begins with our faith that Americans want good and improving service at prices which allow a fair profit.

This is the way of life which in our country has stimulated invention, nourished enterprise, created jobs, raised living standards, and built our national strength. As long as we live by this principle, the future of the telephone is almost limitless in new possibilities for service to you.

A handwritten signature in dark ink, reading "F. R. Kappel".

FREDERICK R. KAPPEL, PRESIDENT
AMERICAN TELEPHONE AND TELEGRAPH COMPANY





LET'S END SLAVE LABOR

THIS CONGRESS, if it wishes, can give the American working man a new birth of freedom. The obvious need for reform has finally brought labor legislation to the point of debate in Congress. The Senate has already acted. Simple justice would require that Congress accept this opportunity to restore to the wage earners the rights and privileges which are their due as citizens.

Unhappily, simple justice has had a negligible part in building our labor tradition over the past 20 years.

We have been operating under what labor leaders warned us long ago was a "slave labor act." When we scoffed at this as the reckless language of biased men, they set out to prove that it was true—for those who wished to make it true.

Now we find that, in trying to protect the working man from a greedy employer, we have condemned him to a far more brutal peonage.

The slave driver is now the union goon.

Far from permitting the worker, as was the intention, to speak with a firm, united voice, we have in some instances silenced him altogether. We have directed that he can speak to his employer only through a union; and union leaders often rule that he can speak to the union only through sufferance.

Instead of giving him the right to organize we have given the labor boss the right to organize him—and then to use his own money to hold him in servitude.

To make his bondage complete we have let ourselves be persuaded that this is a holy arrangement. Any criticism of labor unions thus becomes criticism of union labor. The working man who objects to his

chains and the people who try to free him from them are both anathema. Any reprisal against them, no matter how offensive to human rights or public policy, becomes commendable.

It is true that most labor leaders have been above abusing the power that was unwittingly put in their hands. It is also true that others have abused it freely.

Ability to back their demands with unrestricted violence and unlimited funds has put these men beyond control by anyone but Congress.

Whether Congress itself can control them, the next few weeks will decide. Congress has the power, the courage and the formula. It needs to do nothing punitive, repressive, or damaging to union prestige. A few simple restraints would blunt the power of the bosses and make them the leaders rather than the masters of working men who choose to trust their employment futures to their leadership. By enacting such restraints, Congress can perform a service to wage earners, the nation and to those union leaders who have been faithfully trying to observe the spirit, rather than the letter, of the law.

But, before Congress will grant this emancipation proclamation to laboring people, it needs assurance that the country wants such action. Among the powers of those who ought to be restrained is an ability to bring pressures which seem to prove that their excesses have public approval.

Unless fair-minded people counteract these pressures, the American working man will continue to serve under a threat of dictatorship which will be no less dangerous because so benevolently conceived.



"Most likely to succeed"

"Girl most likely to succeed, it says in my class yearbook. And look at me now. Stuck with all these darn bills to mail out—in the old messy way, licking and sticking stamps and envelope flaps. Phooey! Tomorrow I make another pitch for a postage meter . . . and they better listen!"

You can get rid of stamps, lick-and-stick mailing—with a postage meter. Print your postage as you need it, and always have the right stamp on hand for any kind or class of mail. Makes mailing faster and easier, saves time and postage. And metered mail needs less handling time in the postoffice, often catches earlier mail trains and planes.

With the inexpensive little DM, a desk model postage meter, even the smallest office can have the advantages and prestige of metered mail (one user in three spends less than \$1 a day for postage). Electric models for larger mailers. Call the nearest Pitney-Bowes office. Or send for free illustrated booklet.

A postage meter...

stamps and seals envelopes; most models do both jobs simultaneously.

- Protects your postage from loss, damage, misuse. Does its own accounting. And saves trips to the postoffice.
- Provides *parcel* postage on special gummed tape, with a *dated* postmark.
- Prints your own postmark ad with the meter stamp, if you like.
- Requires no minimum mail volume; anyone can easily use a postage meter!

FREE: Handy desk or wall chart of postal rates with *parcel post* map and zone finder.



PITNEY-BOWES

Postage Meter

Made by the leading manufacturer of mailing machines . . .
Offices in 107 cities. In Canada: Pitney-Bowes
of Canada, Ltd., Dept. 361, 909 Yonge St., Toronto.



To: Pitney-Bowes
1361 Pacific St.,
Stamford, Conn.

Send free booklet ☐ postal rate chart ☐ to:

Name _____

Address _____



KENTILE VINYL

ON TODAY'S SMARTEST FLOORS



*Here's a floor with the look of complete cleanliness that creates the urge to buy in any customer!
Colors shown: "Terrazzo Chip" in Granite and Dark Granite. Wall base is Black KenCove.®*

"Terrazzo Chip," latest KENTILE® Solid Vinyl Tile, has comfort underfoot and a look customers like. You'll go for its longer wear and easier care resulting in lower maintenance costs. Greaseproof, resists denting, most stains. Can be installed most anywhere indoors.

YOUR KENTILE DEALER IS LISTED under FLOORS in your classified telephone directory. Kentile Floors are available in Solid Vinyl (KenRoyal®), Vinyl Asbestos, Rubber, Cork and Asphalt Tile...over 175 decorator colors. ©1958, Kentile, Inc., Brooklyn 15, N. Y.

YOU PAY NO MORE FOR A KENTILE FLOOR